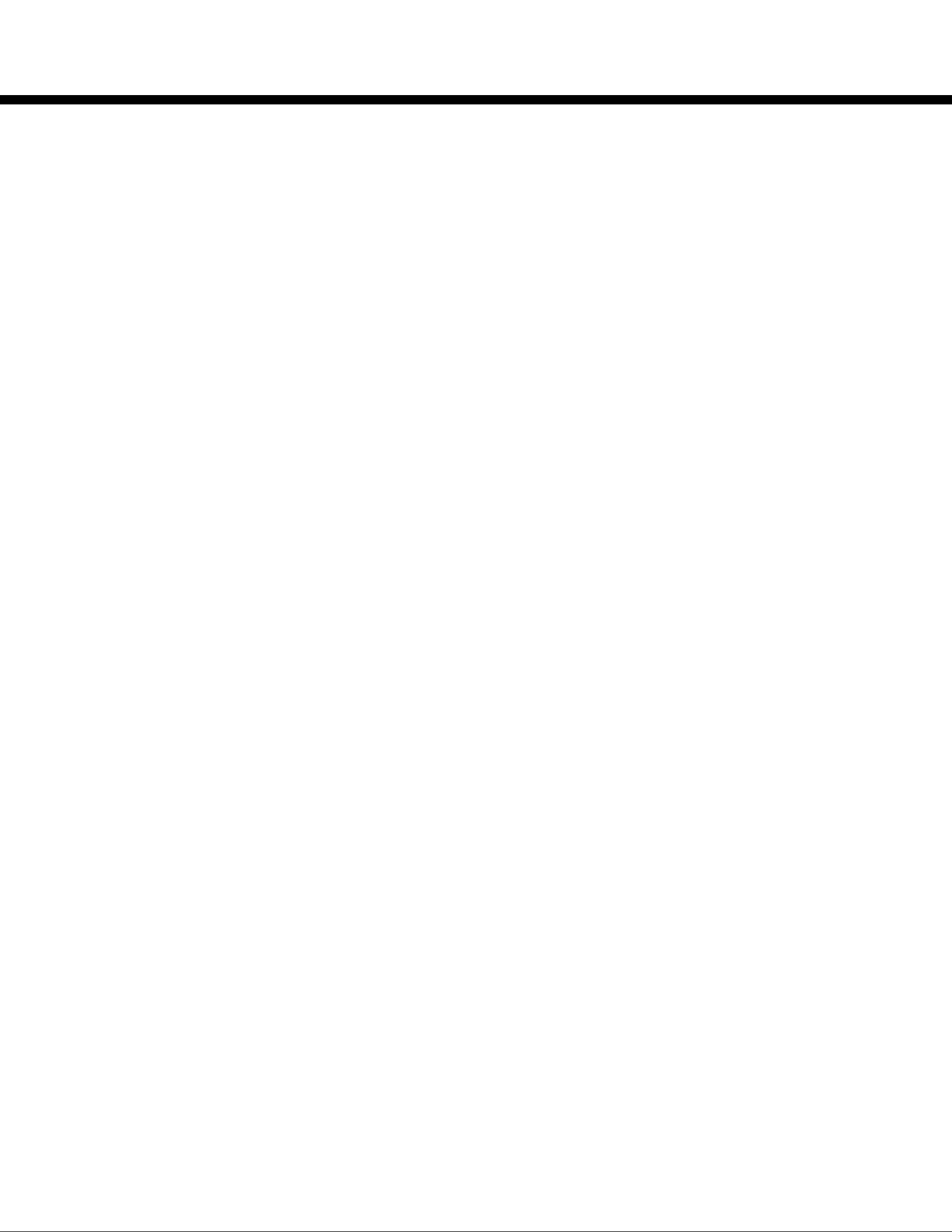


**Annual Report  
2008- 2009**

**GI Engineering Solutions Limited**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director
Mr. Ganapathy Vishwanathan	Independent Director
Mr. Ganesh Acharya	Independent Director

### COMPANY SECRETARY

Mr. Kishor Talreja

### AUDITORS

Dixit Dattatray & Associates  
Chartered Accountants

### REGISTERED OFFICE

73-A, SDF-III  
SEEPZ, Andheri (East)  
Mumbai 400 096  
Telephone: 91-22-4488 4488  
Fascimile: 91-22-2829 0603  
**Web site:** www.giesl.com

### BANKERS

State Bank of India  
HDFC Bank Ltd.

### DEVELOPMENT CENTRE

73 A & 75 B, SDF – III  
SEEPZ, Andheri (East),  
Mumbai – 400 096

### SUBSIDIARY

Genesys Enterprises Inc., USA  
108, Corporate Park Drive,  
Suite 211, White Plains,  
New York 10604 USA

### REGISTRAR AND SHARE TRANSFER AGENT

Bigshare Services Private Limited  
E/2, Ansa Industrial Estate,  
Saki-Vihar Road,  
Saki-Naka, Andheri (East),  
Mumbai 400 072.  
Telephone: 91-22-40430200  
Fascimile: 91-22-28475207,  
Email: info@bigshareonline.com

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# GI ENGINEERING SOLUTIONS LIMITED

## MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

Our company has focused HVAC markets in the US. We have built up a very good team and expertise in offering services for the above.

Given the sub-prime, mortgage problem in US, which have negatively affected the construction industry, we have not been able to gain the transactions in sales as we expected.

We however believe that with any renewal of real-estate market of US, we would generate good demand for our services.

We shall also be evaluating other lines of engineering services in the future.

Regards

**SAJID MALIK**  
**MANAGING DIRECTOR**

## NOTICE

**Notice** is hereby given that the Third Annual General Meeting of the members of GI Engineering Solutions Limited will be held on Tuesday, September 29, 2009 at 3.15 p.m. at Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059 to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Profit and Loss account for the year ended March 31, 2009 and the Audited Balance Sheet as at that date and Reports of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mrs. Saroja Malik, who retires by rotation and being eligible, offers herself for re-appointment.
- 3) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company, will remain closed from Thursday, September 24, 2009 to Tuesday, September 29, 2009 (both days inclusive) for the purpose of Annual General Meeting.
3. Members seeking any information or clarification on the Annual Accounts of the Company for the year ended March 31, 2009 are requested to send in queries in writing to the Company, at least 5 days before the date of the Meeting, so that the information required by them may be made available at the Meeting.
4. The Shareholders are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar and Share Transfer Agent, M/s. Bigshare Service Private Limited, if the shares are held in physical mode.
5. Members are requested to kindly bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
6. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make a nomination in respect of shares held by them in physical

"RESOLVED THAT M/s Dixit Dattatray & Associates, Chartered Accountants, Mumbai, be and is hereby appointed auditors of the Company, to hold Office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to audit the financial accounts, on such remuneration as may be fixed by the Board of Directors of the Company."

By Order of the Board of Directors  
**For GI ENGINEERING SOLUTIONS LTD**

**KISHOR TALREJA**  
COMPANY SECRETARY

Place: Mumbai  
Dated: August 10, 2009

form. Shareholders desirous of making a nomination are requested to send their requests in Form No. 2B (which shall be made available on request) to the Registrar and Share Transfer Agents of the Company.

Members holding shares in electronic form may contact their respective depository participants for availing the said facility.

7. Corporate Members intending to send their Authorised Representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Annual General Meeting of the Company.
8. The brief profile of the Director proposed to be re-appointed is given in the Corporate Governance section of this Annual Report.
9. Non- Resident Indian Shareholders are requested to inform the Company immediately:
  - a) The change in residential status on return to India for permanent settlement.
  - b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank if not furnished earlier.

By Order of the Board of Directors  
**For GI ENGINEERING SOLUTIONS LTD**

**KISHOR TALREJA**  
COMPANY SECRETARY

Place: Mumbai  
Dated: August 10, 2009

# GI ENGINEERING SOLUTIONS LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company present herewith the 3<sup>rd</sup> Annual Report of the Company together with the Audited Accounts for the Financial Year ended March 31, 2009.

### Financial Highlights

Key aspects of the Companies Financial performance for the year ended March 31, 2009 are tabulated below:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Revenue from Operations	186.13	117.76
Operating Profits before Depreciation, Amortization and tax	90.90	58.74
Less: Depreciation and amortization	21.33	21.55
<b>Profit before tax</b>	<b>69.57</b>	<b>37.19</b>
Less: Prior period adjustments	--	0.88
Less: Current Tax	3.94	4.04
Less: Fringe Benefit Tax	0.27	0.21
<b>Profit After Tax</b>	<b>65.37</b>	<b>33.82</b>

### Dividend

Your Directors do not recommend the payment of dividend for the year ended March 31, 2009.

### Business review

The turnover of the Company at Rs. 186.13 lakhs has shown an increase of 58% as compared to Rs. 117.76 lakhs in previous year. The Company achieved Profit after Tax of Rs. 65.37 lakhs compared to Rs. 33.82 lakhs in the previous year, recording an increase of 93%.

### Management Discussion and Analysis

Management Discussion and Analysis on the operations and financial position of the Company is provided in a separate section forming part of the Annual Report.

### Subsidiary Company

M/s Genesys Enterprises Inc., USA is a Wholly Owned Subsidiary of your Company. In accordance with the provisions laid down in Section 212 of the Companies Act, 1956, the

Auditors' Report together with the financial statements for the year ended March 31, 2009 of Subsidiary Company is appended to this report.

### Consolidated Financial Statements

As required under the Clause 32 of the Listing Agreement executed with the Stock Exchanges, consolidated financial statements of the Company and its subsidiary, is attached. The Consolidated Financial Statements have been prepared in accordance with the provisions of Accounting Standard AS- 21.

### Directors

Mrs. Saroja Malik, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. As stipulated in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of Mrs. Saroja Malik is provided in the report on Corporate Governance, which

forms an integral part of this Annual Report.

## **Auditors**

Due to sad demise of Mr. Shashank Ranade, Proprietor of M/s. Shashank Ranade & Co., Chartered Accountants, the Statutory Auditor of the Company, an Office of Auditor became vacant. Hence, in accordance with the provisions of Section 224(6) of the Companies Act, 1956, the Board of Directors at its meeting held on December 22, 2008 appointed M/s. Dixit Dattatray & Associates, Chartered Accountants in the office of the Auditors to hold office till the conclusion of the ensuing Annual General Meeting of the Company.

M/s. Dixit Dattatray & Associates, Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **Fixed Deposits**

During the year, the Company has not accepted any Deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956 and hence no amount of principle or interest was outstanding on the date of the Balance Sheet.

## **Particulars of Employees**

No employee of the Company draws salary exceeding the limit stipulated under provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules 1975. Hence, the provisions of the said section are not applicable to the Company.

## **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

As required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data is given in the prescribed format as an annexure to this report.

## **Corporate Governance**

As required by Clause 49 (VI) of the Listing Agreement entered into by the Company with the Stock Exchanges, a detailed report on Corporate Governance forms part of the Annual Report. The Company is in compliance with the requirements

and disclosures that have to be made in this regard. The Auditors' Certificate on compliance with Corporate Governance is attached to this report.

## **Directors Responsibility Statement**

Pursuant to provisions of Section 217 (2AA) of the Companies Act 1956, the Directors confirm that;

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to their material departures, if any.
- b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.

## **Acknowledgement**

Your Directors take this opportunity to thank all investors, clients, vendors, financial institutions/banks, regulatory and government authorities for their continued support during the year.

Your Directors also acknowledge the hard work, dedication and commitment of the employees.

For and on behalf of the Board of Directors of  
**GI ENGINEERING SOLUTIONS LIMITED**

**SAJID MALIK**  
Managing Director

**SAROJA MALIK**  
Director

Place: Mumbai

Date: August 10, 2009

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars of Conservation of Energy, Research & Development, Technology absorption and Foreign Earnings and Outgo as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2009.

#### Conservation of Energy

Your company takes various measures to reduce energy consumption by procuring and implementing latest timer based technology of reputed brand in HVAC systems. The Company has been replacing the older units with new energy efficient units to conserve the energy. This helps in optimizing energy conservation in ACs, which is the major source of power consumption. Also your Company keeps promoting use of IT Techniques to reduce plotting and save paper consumption which in a small little way contribute towards Global Warming.

#### Research and Development

Your Company with a view of enhancing its existing capacity and providing better service is constantly engaged in the research and development of newer technologies. Your Company keeps on developing newer IT processes and

methodologies, which leads to improved productivity and better accuracy. One such process developed for data mining had lead to improvement of productivity to as high as 30%. Similar IT developments are being undertaken for other engineering service areas of estimation to provide best services to our customers.

#### Technology absorption, adaptation, and innovation

Your Company has upgraded all servers to cater to the stringent project and process requirements.

Your Company has an extensive communication infrastructure, which caters to data connectivity between all the offices.

#### Foreign Exchange Earnings & Outgo

The required information on foreign exchange earnings and outgo is contained in the Notes forming part of Accounts.

For and on behalf of the Board of Directors of  
**GI ENGINEERING SOLUTIONS LIMITED**

**SAJID MALIK**  
Managing Director

**SAROJA MALIK**  
Director

Place: Mumbai  
Date: August 10, 2009



# CORPORATE GOVERNANCE REPORT

The Company's philosophy on corporate governance envisages striving towards the highest level of transparency, accountability and equity in all facets of its operations and its interactions with all stakeholders including shareholders, employees, clients, Government authorities. Company's ultimate aim of corporate governance is to enhance the long-term value of the Company for its shareholders and all other stakeholders.

## I. BOARD OF DIRECTORS

### A Size and composition of the Board

The Company is managed and controlled through a professional Board of Directors ('Board') comprising of a combination of

requisite executive and non-executive independent directors. The composition of the Board is in conformity with the provisions of clause 49 of the listing agreement with the stock exchange(s). The present strength of the Board is four (4) members out of which two members are non-executive independent directors, which constitutes fifty percentage of the total strength of the Board. The independent directors do not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which may affect the independence or judgment of the directors.

The composition of our Board and the number of Directorships held by each Director is detailed in Table 1.

### Composition of Board

**Table 1:** Composition of our Board and the number of Directorships held by them

Name of Directors	Position held	Meetings held	Meetings attended	Attendance at Last AGM	No. of Directorships held in other Public Companies as on March 31, 2009	No. of Committee Memberships in other Companies #	No. of Committee Chairmanships in other Companies #
Mr. Sajid Malik DIN: 00400366	Managing Director	6	6	YES	5	NIL	NIL
Mrs. Saroja Malik DIN: 00400421	Non-Independent Director	6	6	NO	3	NIL	NIL
Mr. Ganapathy Vishwanathan DIN: 00400518	Independent Director	6	6	YES	2	2	2
Mr. Ganesh Acharya DIN: 00702346	Independent Director	6	6	NO	1	1	NIL
# includes only Audit Committee and Shareholders' / Investors' Grievances Committee in all other companies Mr. Sajid Malik is son of Mrs. Saroja Malik							

# GI ENGINEERING SOLUTIONS LIMITED

## Details of Shareholdings

**Table 2:** Details of Equity Shares held by Directors as on March 31, 2009

Name	No. of Equity Shares
Mr. Sajid Malik	125772
Mrs. Saroja Malik	120239
Mr. Ganapathy Vishwanathan	193
Mr. Ganesh Acharya	12,493

## Board Meetings Agenda and Minutes

The Board meeting dates are decided in consultation with Directors of the Company and the schedules of the Board Meetings are communicated in advance to the Directors. Every agenda and minutes of the meeting are prepared in compliance with the clause 49 of the Listing Agreement and the Companies Act, 1956. The draft of minutes of the proceedings of each previous Board / Committee meeting is circulated along with the agenda. The Board also takes note of minutes of committee meetings and subsidiary meetings at Board meeting. The Board meets at least once every quarter to review and approve the quarterly results and other items on the agenda. The Board periodically reviews Compliance reports of all laws applicable to the Company. Additional Board meetings are held, whenever necessary.

During the year six board meetings were held on the following dates:

- |                     |                       |
|---------------------|-----------------------|
| 1) 28th June 2008   | 4) 17th November 2008 |
| 2) 25th July 2008   | 5) 22nd December 2008 |
| 3) 18th August 2008 | 6) 06th January 2009  |

## II. COMMITTEES OF THE BOARD

Currently, the Board of the Company has three regular committees - Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee. All these committees are chaired by the Non-Executive/independent Directors. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for committees. The Board of Directors takes note of the minutes of the committee meetings, at their Board meetings.

## A. AUDIT COMMITTEE

### Composition

The Company has a qualified Audit Committee consisting of three Non-Executive Directors. The Chairman of the Committee is an Independent Director. All the members of the Audit Committee are financially literate. The Company Secretary is the Secretary to the Committee.

### Powers, role and review of information by Audit Committee:

The Company has duly defined the role and objectives of the Audit Committee on the same lines as provided under clause 49 of the Listing Agreement executed with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The primary functions of the Audit Committee are to provide assistance to the Board of Directors in fulfilling their responsibility to the shareholders, investors and other stakeholders relating to Financial statements. The Committee also looks into adequacy, transparency and times lines of disclosures, compliance with all relevant statutes and other facets of Company's operations that are all vital concern to the Company. In particular, the role of the Audit Committee includes the following:

- Supervise the financial reporting process;
- Review the quarterly and annual financial results before placing them to the Board for approval, with particular reference to:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
  - changes, if any, in accounting policies and practices and reasons for the same
  - major accounting entries involving estimates based on exercise of judgment by the Management.
- overseeing the processes for the management of enterprise risks;
- overseeing the processes for compliance with laws and regulations;

- Recommend the appointment and re-appointment and if required replacement or removal of the statutory auditors and fixation of audit fees;
- Review related party transactions;

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference
- Seek information from the employees of the Company
- Obtain outside legal / professional advice, if required
- Secure attendance of outsiders with relevant expertise, whenever considered necessary

**Table 3:** Audit Committee- meetings and attendance

Sr. No.	Name of the Member	No. of meetings held during the year	No. of Meetings attended
1	Mr. Ganapathy Vishwanathan	2	2
2	Mr. Ganesh Acharya	2	2
3	Mrs. Saroja Malik	2	2

## B. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has formed Shareholders' / Investors' Grievance Committee. The role and objectives of the committee are as under:

- Oversee share transfers and other shareholder related issues.
- Resolve investors' grievances in other areas.

During the year under review, no Shareholders / Investors Grievance Committee meetings were held and no investor grievances were pending for redressal as on March 31, 2009.

## C. REMUNERATION COMMITTEE

The Company has set-up Remuneration Committee

consisting of three Non-Executive Directors. The Company Secretary functions as a Secretary to the Remuneration Committee.

The broad terms of reference of the Remuneration Committee are as under:

- Approve the remuneration and commission / incentives payable to the Directors of the Company
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

During the year 2008-2009 no meeting of the Remuneration Committee was held.

## III. SUBSIDIARY COMPANY

The Company does not have any Indian Subsidiary Company. Brief details of its U.S.A. subsidiary, Genesys Enterprises Inc. are given in the Directors' Report attached with this Annual Report.

## IV. DISCLOSURES

### 1. Related Party Transaction

There are no materially significant related party transactions of the Company which have a potential conflict with the interests of the Company at large. The related party transactions (as per Accounting Standard 18) of the Company in the ordinary course of business during the year April 1, 2008 to March 31, 2009 are reported under Note 3 of Schedule N of the Financial Statements. The same as per the provisions of Clause 49 of the Listing Agreement were placed before the Audit Committee of the Company. For further details please refer to the Notes forming a part of the Balance Sheet of the Company.

### 2. Accounting Treatment in preparation of financial statements

The Company has followed the professional pronouncement of ICAI and accounting standards as per the Companies (Accounting Standard) Rules, 2006 in preparation of

# GI ENGINEERING SOLUTIONS LIMITED

financial statements of the Company and there has been no deviation from the aforesaid accounting standards/ pronouncement.

### 3. Proceed from public issue/ right issue/ preferential issues etc.

There was no public issue / right issue/ preferential issues etc. during the year under review.

However, during the financial year 2008-09, the Company allotted 16,77,500 equity shares of Rs. 10/- each pursuant to the conversion of Warrants in terms of the Scheme of Arrangement/Demerger.

### 4. Code of Conduct

The Company has a well defined policy framework, which lays down procedures to be followed by Directors and senior employees for ethical professional conduct. The Code of Conduct has been laid down for all the Board members and Senior Management of the Company. The Board members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the year 2008-09. This code has been displayed on the Company's website.

### 5. Management Discussion and Analysis

There is a separate part on the Management Discussion and Analysis in the Annual Report

### 6. Disclosure regarding appointment and re-appointment of Directors

Mrs. Saroja Malik, Director of the Company shall be retiring by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment. Brief profile of Mrs. Saroja Malik seeking re-appointment and other relevant information in respect thereof is given below :

Details of Directors seeking re-appointment in the Third

Annual General Meeting pursuant to clause 49 of the Listing Agreement with the Stock Exchanges

<b>Name of the Director</b>	<b>Mrs. Saroja Malik</b>
Nature of Resolution	Re-appointment as Director
Date of Birth	September 28, 1937
Date of Appointment	August 10, 2006
Director Identification Number	00400421
Qualifications	B. Com., LL.B
Experience in specific functional areas	Legal compliance, Income Tax and Customs Regulations
Directorship held in other Companies (including Foreign Companies and Private Companies)	i) Genesys International Corporation Ltd. ii) Genesys Worldeye Limited iii) Genesys Enterprises Inc. (USA) iv) Ventura Guaranty Limited
Chairman / Member of Committees of other Companies	Nil
Number of Equity Shares held in the Company	1,20,239

Note: Pursuant to clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Shareholders' / Investors' Grievances Committee have been considered.

### 7. Communication to shareholders

The Company's quarterly financial results, investor updates and other investor related information are posted on the Company's website ([www.giesl.com](http://www.giesl.com)) The quarterly financial results of the Company are generally published in the Free Press Journal (English) and Navshakti (Marathi). Financial results and all material information are also regularly provided to the Stock Exchanges as per the requirements of the Listing Agreement.

## GENERAL MEETINGS

### a) Details of the last Annual General Meetings

Financial Year	Date	Time	Location of the Meeting	Special Business
2006-2007	November 28, 2007	2:30 P.M.	73-A, SDF-III, SEEPZ, Andheri (East), Mumbai-400096	NIL
2007-2008	September 29, 2008	3:15 P.M.	Kohinoor Continental, Andheri - Kurla Road, Andheri (East), Mumbai- 400059.	1. Appointment of Mr. Ganesh Acharya as Director 2. Appointment of Mr. Sajid Malik as Managing Director

### b) Postal Ballot

During the year the Company has not passed any special resolution through postal ballot.

## V. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO/CFO certificate to the Company's Board is given elsewhere in this report.

## VI. COMPLIANCE

### i) Mandatory requirements

The Company has complied with all the applicable mandatory requirements of Clause 49 of Listing Agreement with Stock Exchange(s).

### ii) Compliance against Non-mandatory Requirements

#### 1. Remuneration Committee

The Board has set-up a Remuneration Committee to review the remuneration,

incentives and commission payable to the Directors.

### 2. Shareholders Rights

The Company displays its quarterly, half-yearly and Annual results on its website [www.giesl.com](http://www.giesl.com) and publishes in widely circulated newspapers.

### iii) Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2002

In compliance with these Regulations, the Company has formulated an Insider Trading Code for the Designated Employees ('the employees') and Directors of the Company for dealing in the Equity Shares of the Company. Various forms have been designed to receive periodical information from the employees and the Directors of the Company, as required in terms of the Regulations. Further, the Trading Window for dealing in the Equity Shares of the Company is periodically closed for the Directors and the employees of the Company as per the Insider Trading Code in force in the Company.

### iv) Statutory Compliance, Penalties and Strictness

The Company has complied with the requirements of the Stock Exchange(s)/ SEBI and Statutory Authority(ies) on all matters related to the capital market since listed and admitted to dealing on the Exchange(s) w.e.f. January 30, 2009. There are no penalties or strictures imposed on the Company by Stock Exchange(s) or SEBI or any Statutory Authority(ies) relating to the above.

# GI ENGINEERING SOLUTIONS LIMITED

## Additional Shareholder Information

1. **Registered and Corporate Office** 73-A, SDF-III, SEEPZ, Andheri (East), Mumbai 400 096.  
Tel. No.: +91 – 4488 4488 Fax No.: +91- 28290306  
Website: www.giesl.com
2. **Date of Incorporation** 10-08-2006
3. **Registration No./ CIN** 163731 / U7290MH2006PLC163731
4. **Date, Time and Venue of 3<sup>rd</sup> AGM :** Tuesday, September 29, 2009, at 3.15 p.m.  
Kohinoor Continental, Andheri-Kurla Road,  
Andheri (East), Mumbai - 400 059
5. **Financial Year** April 01, 2008 – March 31, 2009
6. **Financial Calendar for 2008- 09**  
Fourth quarter ending March 31, 2009 April 28, 2009
7. **Financial Calendar for 2009- 10**  
The tentative dates of Board Meeting for consideration of the quarterly financial results:  
First quarter ending June 30, 2009 July 30, 2009  
Second quarter ending September 30, 2009 Last week of October, 2009  
Third quarter ending December 31, 2009 Last week of January, 2010  
Fourth quarter ending March 31, 2010 Last week of April, 2010
8. **The shares of the Company are listed and admitted to dealing on following Stock Exchanges w.e.f. January 30, 2009:**  
**Bombay Stock Exchange Limited**  
P. J. Towers, Dalal Street, Fort,  
Mumbai- 400 001  
Scrip Code: 533048  
Website: www.bseindia.com  
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East), Mumbai -400 051  
Symbol: GISOLUTION  
Website: www.nseindia.com  
**Listing fees for 2008-09 has been paid both for NSE and BSE**  
ISIN Number: INE065J01016
9. **Shareholders are requested to send all share transfers and correspondence relating to shares etc. to our Share Transfer Agent at:**  
Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Saki-Vihar Road, Saki-Naka , Andheri (East),  
Mumbai- 400072. Tel. No.: +91-22-40430200, Fax No.: +91-22-28475207, Email: info@bigshareonline.com

## 10. Share Transfer System:

The Share Transfer work is carried out by our Share Transfer Agent, the details of which are given above. The documents are received at their office in Mumbai and also at the Registered Office of the Company. The share transfer is carried out within an average period of three weeks from the date of lodging, provided all papers received are in order. For improving the response time for completing the share transfers, Share Transfer Committee meetings are held as often as required.

## 11. Dematerialization of Shares and liquidity:

As on March 31, 2009 – 97.62% of the total issued share capital was held in electronic form. Details of Equity shares held in physical and demat form as on March 31, 2009 are given as follows:

Table 4:

Particulars	No. of Shares	Percentage
Physical Mode	179094	2.38
NSDL	6798036	90.50
CDSL	534748	7.12
<b>TOTAL</b>	<b>7511878</b>	<b>100</b>

## 12. Distribution Schedule as on March 31, 2009:

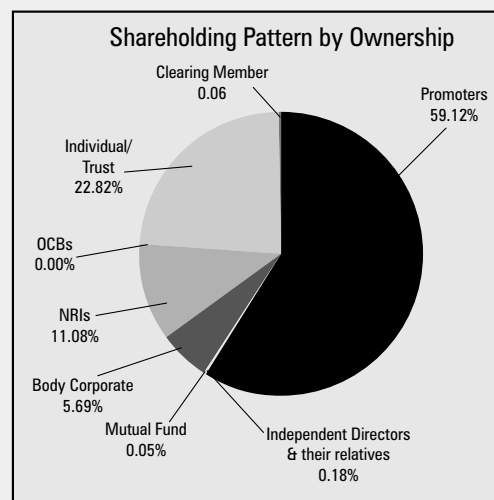
Table 5:

Slab of Shareholding	Share-holders	% to Total	Shareholding in Rs.	% to Total
Upto 5000	2,882	22.88	44,34,160	5.90
5001 10000	272	7.82	21,49,660	2.86
10001 20000	130	3.73	19,33,490	2.57
20001 30000	66	1.89	16,84,540	2.24
30001 40000	28	0.80	9,88,210	1.32
40001 50000	20	0.57	9,28,650	1.24
50001 100000	40	1.15	27,51,320	3.66
Above 100001	39	1.12	6,02,48,750	80.21
<b>Total</b>	<b>3,477</b>	<b>100.00</b>	<b>7,51,18,780</b>	<b>100.00</b>

## 13. Shareholding Pattern as on March 31, 2009:

Table 6:

Description	Folios Shares	Number of	Percentage
Promoters	6	44,41,333	59.12
Independent Directors & their relatives	5	13,160	0.18
Mutual Fund	4	4050	0.05
Body Corporate	207	4,26,952	5.69
NRIs	22	8,32,157	11.08
OCBs	1	25	0.00
Individual / Trust	3211	17,89,475	23.82
Clearing Member	15	4726	0.06
<b>Total</b>	<b>3471</b>	<b>75,11,878</b>	<b>100.00</b>



# GI ENGINEERING SOLUTIONS LIMITED

14. Monthly High/ Low of the share prices on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE):

**Table 7:**

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January 2009	51.00	18.10	50.00	20.25
February 2009	31.75	6.30	33.90	6.15
March 2009	6.60	4.13	6.50	4.15

**15. Last Date of Receipt of Proxy**

Proxies will be accepted upto 3.15 p.m. on September 27, 2009 at the Registered Office of the Company.

**OUTSTANDING INSTRUMENTS**

There are no outstanding instruments / warrants as on the date of this report

**Registrar and Transfer Agents**

For assistance regarding dematerialization of shares, share transfers, change of address or any other queries relating to shares, please contact:

**Bigshare Services Private Limited**

Unit: GI Engineering Solutions Ltd  
E/2, Ansa Industrial Estate,

Saki-Vihar Road, Saki-Naka,  
Andheri (East), Mumbai 400 072  
Telephone: 91.22.40430200  
Facsimile: 91.22.2847 5207  
Email: info@bigshareonline.com

**Investors Correspondence**

Mr. Kishor Talreja  
Company Secretary

**GI Engineering Solutions Limited**

73-A, SDF III, SEEPZ, Andheri (East), Mumbai – 400 096  
Tel: 91.22.4488 4488 Fax: 91.22.2829 0603  
Email: kishor.talreja@igenesys.com  
investors@giesl.com

**Development Centre**

Table 8: Given below are the details of Development Centres of the Company:

Development Centre	Location
Mumbai	73A & 75 B, SDF-III, SEEPZ, Andheri (East), Mumbai-400 096

**Place: Mumbai**

**Dated: August 10, 2009**

**SAJID MALIK**

**MANAGING DIRECTOR**



## **CEO/ CFO CERTIFICATION UNDER CLAUSE 49 OF LISTING AGREEMENT**

We, Mr. Sajid Malik, Managing Director and Mr. Sanjay Vidwana, Chief Financial Officer to the best of our knowledge and belief, certify that:

- a) We have reviewed the financial statements and the cash flow statement of GI Engineering Solutions Limited for the year ended March 31, 2009 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and that we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposing to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**SAJID MALIK**

Managing Director

Place: Mumbai

Date: August 10, 2009

**SANJAY VIDWANS**

Chief Financial Officer

### **DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

The Members of

GI Engineering Solutions Limited

Sub: Declaration under clause 49 of the Listing Agreement.

I hereby declare that all Directors and the designated employees in the Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2009.

For GI ENGINEERING SOLUTIONS LIMITED

**SAJID MALIK**

Managing Director

Place: Mumbai

Date: August 10, 2009

# GI ENGINEERING SOLUTIONS LIMITED

## REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

To the Members of  
**GI Engineering Solutions Limited**

We have examined the compliance of conditions of corporate governance by GI Engineering Solutions Limited for the year ended on 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that

the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

As per the records of the Company there were no investor grievances pending at the end of the year under report.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For DIXIT DATTATRAY & ASSOCIATES,  
Chartered Accountants**

**D. B. DIXIT**

Proprietor

Place : Mumbai

Dated : 10<sup>th</sup> August, 2009

Membership No 40032

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure & Developments:

Over the period of time, India has emerged as one of the favourite destinations for international companies wishing to outsource their IT needs. These companies besides outsourcing their IT needs also outsource their IT enable and customer care functions to take advantage of low cost resources available in India. Now these international companies are outsourcing their engineering services to companies in India, providing Indian companies an opportunity to move up in the value chain further.

Global spend on engineering services outsourcing is estimated to exceed \$ 1 trillion by 2020 and India's share in that is estimated to be in the region of \$ 40 billion.

### Opportunities and Threats:

For India, engineering service outsourcing presents a tremendous opportunity – it is not only a significant revenue generator, but also place India on the global innovation map.

Companies in India have developed necessary capabilities and skills by investing in technology platforms to leverage the opportunities. Attaining, training and retaining talent will be a critical next step for India to maintain its current advantage.

Engineering services market is highly fragmented by industries with automotive, aerospace, utilities telecom, etc. Traditional engineering powerhouses like USA, Japan and Germany have a lead in the engineering spend.

### Risks and Concerns

The company's business faces risks and concerns common to other Information Technology businesses. Principal among them are:

1. Fast changing technology,
2. Attracting and retaining talented human resources,
3. Intense competition,
4. Success in adding new customers and expanding the

areas of work with existing customers

5. Uncertainties in outsourcing
6. Foreign Exchange Risk with Rupee strengthening

## **Internal Control Systems & Their Adequacy**

The company has in place systems and processes to effectively control and monitor the business operations on an on going basis. The systems encompass all areas of the operations with formal procedures and processes laid down for authorizing Expenditure – both capital and revenue, Sales, Human Resources development and management, Production and Delivery etc. These are reviewed on an ongoing basis by the top management and changes wherever required are incorporated.

Having regard to the size and nature of the operations of the company, the existing internal control systems are considered adequate and reliable

Discussion on Financial Performance with respect to Operational Performance

Financial Year 2009 (FY09) means Fiscal Year beginning April 01, 2008 and ending on March 31, 2009. The discussions and analysis hereunder are based on our Company's consolidated financials for FY09.

## **LIABILITIES AND ASSETS**

### **Share Capital**

The company has an Authrosed Equity Share Capital of Rs.800 lacs , divided into 80 lacs shares of Rs.10 each. As on March 31, 2009, Issued, Subscribed and Paid up capital stood at Rs.751.19 lacs, which included 16,77,500 shares of Rs.10 each, issued during the year on conversion of Equity Share Warrants into Equity Shares of the Company as per the Scheme of Demerger approved by the Honorable High Court, Mumbai, on September 07, 2007.

### **Reserves and Surplus**

Reserves and Surplus mainly comprise of balances in General Reserve and Profit & Loss Account.

Balance in Reserve & Surplus, as on March 31, 2009 stood at Rs.2,666.74 lacs as against Rs.2,254.96 lacs as on March 31, 2008.

### **Secured / Unsecured Loans**

Like March 31, 2008, there was no balance in Secured Loan Account as on March 31, 2009.

Balance on account of Unsecured Loans, continues to be at Rs.3 lacs as on March 31, 2009 as well as March 31, 2008.

### **Fixed Assets**

The company's Fixed Assets comprise Computer Hardware & Software, Furniture and Fixtures, and Office Equipments. Total Gross Fixed Assets as on March 31, 2009 was Rs. 7,719.80 lacs, compared to Rs.7,718.26 lacs as on March 31, 2008.

The company follows a straight line method of depreciation accounting and the rates adopted for various categories of its assets are as per the provisions of Schedule XIV of the Companies Act, 1956, barring Computers, which are written off over a period ranging from 3 to 5 years.

### **Sundry Debtors**

Sundry Debtors as on March 31, 2009 were at Rs.2,358.80 lacs as compared to Rs.1,759.77 lacs as on March 31, 2008.

### **Cash and Bank Balance**

Total cash and bank balances as on 31 March 31, 2009 stood at Rs.10.12 lacs as against Rs.4.31 lacs as on March 31, 2008. Above include Rs.7.97 lacs lying in current account with a foreign bank as on March 31, 2009, compared with Rs.1.45 lacs as on March 31, 2008.

### **Loans and Advances**

These represent cash outlays against which benefits / values are expected in the future and include

- Deposits for given in the normal course of the business
- Advance Income taxes, including Income Tax deducted

# GI ENGINEERING SOLUTIONS LIMITED

at source and refunds due for past years

- Prepaid expenses

The company at times invests its surplus funds in Fixed Deposits with Banks and Debt funds managed by Mutual Funds carrying very high safety ratings. Intermittently it also invests, amounts of money in inter corporate deposits with bodies corporate that it considers completely safe and reliable. Interest on all such deposits has been classified under other income.

Balance on account of Loans and Advances was at Rs.1,182.09 lacs as on March 31, 2009 as against Rs.1,036.90 lacs as on March 31, 2008.

#### **Current Liabilities & Provisions include:**

- Vendors for the supply of goods and services
- Amounts accrued and due for operational expenses
- Dues to employees including accrued salaries and benefits like LTA
- Unclaimed Dividends to the extent not en-cashed by shareholders
- Advances received from customers
- Provision for employee benefits

Balance of Current Liabilities and Provisions as on March 31, 2009 was Rs.419.37 lacs compared to Rs.240.52 lacs as on March 31, 2008.

#### **INCOME & EXPENDITURE**

##### **Income**

During the year 2008-09, our revenue from operations was Rs.217.60 lacs, compared to Rs.259.85 lacs in 2007-08. Entire revenue from operations was on account of export sales.

Other income includes interest on deposits and miscellaneous income.

##### **Expenditure**

Total Operating Costs, including depreciation was Rs.228.73 lacs during the 2008-09, as against Rs.341.99 lacs in the previous year. Savings in cost was largely possible due to rationalization of manpower cost and other operating expenses.

##### **Tax Benefits**

Benefit which the Company was hitherto enjoying under Section 10A of the Income Tax Act, 1961, has come to an end effective April 01, 2009 and accordingly income from export business of the Company will then on be taxed at full rate, subject to other provisions, if any, contained in the said Act.

##### **Material Developments in Human Resources**

The company's human resource policy is aimed at attracting and retaining skilled and professional manpower. It has regular training programs to upgrade employee skill sets and knowledge. Leadership programs are being conducted to promote leadership qualities.

## REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF GI ENGINEERING SOLUTIONS LIMITED

We have audited the attached Balance Sheet of GI Engineering Solutions Limited as at 31st March 2009 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report read with our comments in para (f) below comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;

- e) On the basis of written representations received from all the directors of the Company as on 31st March, 2009, and taken on record by the Board of Directors, and the information and explanations as made available to us by the Company, we report that none of the directors of the Company is prima facie, have any disqualifications as referred to in clause (g) of sub section (1) of section 274 of the Companies Act, 1956 on the said date;
- f) Attention is invited to note no 11 in Schedule N regarding non provision for diminution in the value of investments in subsidiary companies, for reasons mentioned therein.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2009;
  - in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES,  
Chartered Accountants**

**D. B. DIXIT**  
Proprietor  
Membership No 40032

Place : Mumbai  
Dated : 10<sup>th</sup> August, 2009

# GI ENGINEERING SOLUTIONS LIMITED

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report of even date on the Accounts for the year ended 31<sup>st</sup> March 2009 of **GI Engineering Solutions Limited**)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) The fixed assets have been physically verified by the management during the year. As informed to us, no discrepancies were noticed on such verification.  
c) During the financial year, the Company has not disposed off any substantial part of the fixed assets
- 2 The Company's nature of operations does not require it to hold inventories. Consequently, clause 4 (ii) of the Companies (Auditor's Report) Order, 2003, as amended ('The Order') is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence the provisions of clauses (iii)(b) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a) The particulars of contracts and arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register maintained under section 301 of the said Act.  
b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices and other relevant factors at the time of transaction
6. The Company has not accepted any deposits from the public and consequently the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company does not have an internal audit system.
8. As explained no cost records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the activities carried out by the Company.
9. a) The Company has been generally regular in depositing undisputed statutory dues applicable to it, with the appropriate authorities. There are no arrears of outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.  
b) According to the information and explanations given to us, there are no dues of sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses at the end of the year. However, the company has not incurred any cash losses in the current financial year.
11. The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or a society, the provisions of clause (xiii) of the Order are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Order are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. The Company did not have any term loans outstanding during the year.
17. On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. During the year, the Company has made preferential allotment of shares to promoters upon conversion of warrants. The allotment has been made in accordance with the terms and conditions of the scheme of demerger sanctioned by High Court, Mumbai vide order dated 7<sup>th</sup> September, 2007.
19. The Company does not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our audit and as explained to us, no fraud on or by the Company has been noticed or reported during the year to us.

**For DIXIT DATTATRAY & ASSOCIATES,  
Chartered Accountants**

**D. B. DIXIT**

Proprietor

Membership No 40032

Place: Mumbai

Dated : 10<sup>th</sup> August, 2009

# GI ENGINEERING SOLUTIONS LIMITED

## BALANCE SHEET

AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2009		AS AT 31ST
		Rs.	Rs	MARCH, 2008
				Rs.
<b>SOURCES OF FUNDS</b>				
<b>1) SHAREHOLDERS FUNDS</b>				
a) Share Capital	A	75,118,780		58,343,780
b) Equity Share Warrants	B	-		3,187,250
c) Reserves & Surplus	C	285,088,984		292,139,559
			360,207,764	353,670,589
<b>2) LOAN FUNDS</b>	D			
a) Unsecured Loans		300,000		300,000
			300,000	300,000
<b>Total</b>			<b>360,507,764</b>	<b>353,970,589</b>
<b>APPLICATION OF FUNDS</b>				
<b>1) FIXED ASSETS</b>				
a) Gross Block	E	36,004,007		35,988,607
b) Less : Depreciation / Amortisation		16,960,920		14,828,215
c) Net Block			19,043,087	21,160,392
<b>2) INVESTMENTS</b>	F		268,234,232	268,234,232
<b>3) CURRENT ASSETS, LOANS &amp; ADVANCES</b>	G			
a) <b>CURRENT ASSETS</b>				
(i) Sundry Debtors		22,225,345		7,829,656
(ii) Cash & Bank Balances		214,601		285,216
(iii) Other Current Assets		2,096		1,980
			22,442,042	8,116,852
b) <b>LOANS &amp; ADVANCES</b>			67,456,804	63,296,413
			89,898,846	71,413,265
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	H			
(i) Current Liabilities		15,623,365		6,739,069
(ii) Provisions		1,045,036		98,231
			16,668,401	6,837,300
<b>Net Current Assets</b>			<b>73,230,445</b>	<b>64,575,965</b>
<b>Total</b>			<b>360,507,764</b>	<b>353,970,589</b>

Significant Accounting Policies

M

Notes forming part of Accounts

N

The schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date attached  
For DIXIT DATTATRAY & ASSOCIATES  
CHARTERED ACCOUNTANTS

For and on behalf of the Board Of Directors

D. B. DIXIT  
PROPRIETOR  
Membership No. 40032

SAJID MALIK                      SAROJA MALIK                      GANAPATHY VISHWANATHAN  
MANAGING DIRECTOR      DIRECTOR                      DIRECTOR

MUMBAI, 10<sup>th</sup> August, 2009

KISHOR TALREJA  
COMPANY SECRETARY



# ANNUAL REPORT 2008-09

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		31ST MARCH, 2009	31ST MARCH, 2008
		Rs.	Rs.
<b>INCOME</b>			
Revenue from Operations		14,792,293	8,211,987
Other Income	I	3,820,577	3,564,126
<b>Total</b>		<b>18,612,870</b>	<b>11,776,113</b>
<b>EXPENDITURE</b>			
Personnel Costs	J	7,871,649	4,448,703
Operating and Other Costs	K	1,642,238	1,390,184
Finance Costs	L	8,803	64,086
Depreciation / Amortisation		2,132,705	2,154,701
<b>Total</b>		<b>11,655,395</b>	<b>8,057,674</b>
<b>Operating Profit / (Loss) Before Tax</b>		<b>6,957,475</b>	<b>3,718,439</b>
<b>Less : Prior Period Adjustments</b>		<b>-</b>	<b>(88,582)</b>
<b>Profit / (Loss) Before Tax</b>		<b>6,957,475</b>	<b>3,807,021</b>
Current Tax		393,500	403,900
Fringe Benefit Tax		26,800	20,900
<b>Profit / (Loss) After Tax</b>		<b>6,537,175</b>	<b>3,382,221</b>
Add: Opening Balance		(27,527,296)	(30,909,517)
<b>Balance carried to Balance Sheet</b>		<b>(20,990,121)</b>	<b>(27,527,296)</b>

Earning per Share (Equity Share, par value Rs. 10 each)

Basic	0.92	1.70
Number of weighted average shares used in computing earnings per share	7,092,645	1,993,930
Diluted	0.92	1.32
Number of weighted average shares used in computing earnings per share	7,092,645	2,557,680

**Significant Accounting Policies** M

**Notes forming part of Accounts** N

**The schedules referred to above form an integral part of the Profit & Loss Account**

As per our Report of even date attached  
For DIXIT DATTATRAY & ASSOCIATES  
CHARTERED ACCOUNTANTS

For and on behalf of the Board Of Directors

D. B. DIXIT  
PROPRIETOR  
Membership No. 40032

SAJID MALIK                      SAROJA MALIK                      GANAPATHY VISHWANATHAN  
MANAGING DIRECTOR      DIRECTOR                      DIRECTOR

MUMBAI, 10<sup>th</sup> August, 2009

KISHOR TALREJA  
COMPANY SECRETARY

# GI ENGINEERING SOLUTIONS LIMITED

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH, 2009 Rs.	AS AT 31ST MARCH, 2008 Rs.
<b>Schedule A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
8,000,000 Equity Shares (Previous Year 80,00,000) of Rs 10/- each	<b>80,000,000</b>	80,000,000
<b>Total</b>	<b>80,000,000</b>	80,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
7,511,878 (Previous Year 5,834,378) Equity Shares of Rs. 10/- Each fully paid up (Out of the above 5,784,378 Equity Shares of Rs. 10/- each are allotted as fully paid up to the shareholders of Genesys International Corporation Ltd. Pursuant to the Scheme of Demerger sanctioned by the High Court, Mumbai on 7th September, 2007 and 16,77,500 Equity Shares of Rs. 10/- each issued during the year upon conversion of Equity Share Warrants into Equity Shares as per the provisions of Scheme of Demerger sanctioned by High Court, Mumbai, on 7th September, 2007.)	<b>75,118,780</b>	58,343,780
<b>Total</b>	<b>75,118,780</b>	58,343,780
<b>Schedule B</b>		
<b>EQUITY SHARE WARRANT</b>		
Nil Equity Share Warrants (Previous Year 1,677,500) issued to the shareholders of Genesys International Corporation Ltd. pursuant to the Scheme of Demerger sanctioned by High Court, Mumbai on 7th September, 2007.	-	3,187,250
<b>Total</b>	-	3,187,250
<b>Schedule C</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
<b>As per last Balance Sheet</b>	<b>319,666,855</b>	319,666,855
Less : Equity Shares allotted as fully paid up to the convertible warrant holders as per the provisions of demerger scheme sanctioned by the High Court, Mumbai on 7th September, 2007.	<b>13,587,750</b>	-
	<b>306,079,105</b>	319,666,855
<b>Profit &amp; Loss Account (Debit Balance)</b>	<b>(20,990,121)</b>	(27,527,296)
<b>Total</b>	<b>285,088,984</b>	292,139,559

# ANNUAL REPORT 2008-09

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH, 2009 Rs.	AS AT 31ST MARCH, 2008 Rs.
<b>Schedule D</b>		
<b>Unsecured Loans</b>		
from Director	300,000	300,000
<b>Total</b>	<b>300,000</b>	<b>300,000</b>

### Schedule E

#### FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Opening Balance as at 1.04.08	Addition/ Transfer during the year	Sale / Adjustment	Closing Balance as at 31.03.09	Up to 1.04.08	For the year	On Deduction	Up to 31.03.09	As at 31.03.09	As at 31.03.08
<b>Tangible Assets</b>										
Computer Hardware	1,924,970	15,400	-	1,940,370	1,881,940	19,802	-	1,901,742	38,628	43,030
Furniture & Fixtures	32,128,374	-	-	32,128,374	12,318,181	2,033,726	-	14,351,907	17,776,467	19,810,193
Office Equipments	1,666,905	-	-	1,666,905	359,736	79,177	-	438,913	1,227,992	1,307,169
<b>Intangible Assets</b>										
Computer Software	268,358	-	-	268,358	268,358	-	-	268,358	-	-
<b>Total</b>	<b>35,988,607</b>	<b>15,400</b>	<b>-</b>	<b>36,004,007</b>	<b>14,828,215</b>	<b>2,132,705</b>	<b>-</b>	<b>16,960,920</b>	<b>19,043,087</b>	<b>21,160,392</b>
Previous Year	35,939,872	48,735	-	35,988,607	12,673,514	2,154,701	-	14,828,215	21,160,392	23,266,358

### Schedule F

#### INVESTMENTS (AT COST)

Long Term, fully paid up

Trade Investments - Unquoted

Investment in Wholly Owned Subsidiary Company

550,650 Common Stock US \$ 10 par value

in Genesys Enterprises Inc., USA

	268,234,232	268,234,232
<b>Total</b>	<b>268,234,232</b>	<b>268,234,232</b>

# GI ENGINEERING SOLUTIONS LIMITED

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH, 2009 Rs.	AS AT 31ST MARCH, 2008 Rs.
<b>Schedule G</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(a) CURRENT ASSETS</b>		
<b>(1) Sundry Debtors</b>		
(Unsecured)		
Due for more than six months		
Considered good	15,878,776	3,336,197
Considered doubtful	1,008,971	1,008,971
	<u>16,887,747</u>	<u>4,345,168</u>
Less : Provision for Doubtful Debts	1,008,971	1,008,971
	<u>15,878,776</u>	<u>3,336,197</u>
Others - Considered good	6,346,569	4,493,459
	<u>22,225,345</u>	<u>7,829,656</u>
<b>(2) Cash &amp; Bank Balances</b>		
(i) Cash in Hand	-	-
(ii) Balances with Scheduled banks		
In Current Accounts	178,089	249,270
In Fixed Deposits (Margin Money) Accounts	36,512	35,946
	<u>214,601</u>	<u>285,216</u>
<b>(3) Other Current Assets</b>		
	2,096	1,980
<b>Total</b>	<u><u>22,442,042</u></u>	<u><u>8,116,852</u></u>
<b>(b) Loans &amp; Advances</b>		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	2,069,270	1,348,218
(ii) Prepaid Expenses	14,157	3,148
(iii) Advance Tax (Net of Provisions)	872,388	398,083
(iv) Loan to Other Body Corporates	64,470,989	61,516,964
(v) Facilities Deposits	30,000	30,000
<b>Total</b>	<u><u>67,456,804</u></u>	<u><u>63,296,413</u></u>
<b>Schedule H</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>(a) Current Liabilities</b>		
Sundry Creditors	15,544,355	6,644,501
Other Liabilities	79,010	94,568
<b>Total</b>	<u><u>15,623,365</u></u>	<u><u>6,739,069</u></u>
<b>(b) Provisions</b>		
Provision for Retirement Benefits	1,045,036	98,231
<b>Total</b>	<u><u>1,045,036</u></u>	<u><u>98,231</u></u>

# ANNUAL REPORT 2008-09

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2009	FOR THE YEAR ENDED 31ST MARCH 2008
<b>Schedule I</b>		
<b>OTHER INCOME</b>		
Interest received (Tax deducted at source Rs. 865,505 (Previous Year Rs. 807,383))	3,820,577	3,564,126
<b>Total</b>	<b>3,820,577</b>	<b>3,564,126</b>
<b>Schedule J</b>		
<b>PERSONNEL COSTS</b>		
Salaries , Allowances & Bonus	7,432,195	4,197,258
Staff Welfare	103,071	580
Contribution to Provident Fund & other funds	336,383	250,865
<b>Total</b>	<b>7,871,649</b>	<b>4,448,703</b>
<b>Schedule K</b>		
<b>OPERATING AND OTHER COSTS</b>		
Conveyance & Traveling	286,133	123,789
Legal & Professional Fees	104,753	180,720
Communication Expenses	28,601	70,871
Miscellaneous expenses	1,197,751	174,716
Preliminary Expenses Written Off	-	825,088
Remuneration to Auditors		
- Statutory Audit	15,000	10,000
- Tax Audit	10,000	5,000
<b>Total</b>	<b>1,642,238</b>	<b>1,390,184</b>
<b>Schedule L</b>		
<b>FINANCE COSTS</b>		
Bank Charges	8,650	3,015
Interest	153	61,071
<b>Total</b>	<b>8,803</b>	<b>64,086</b>

## SCHEDULES

### Schedule - M

#### I. Company's Background

GI Engineering Solutions Ltd. is formed to provide Information Technology, Engineering Services and other related services.

#### II. Significant Accounting Policies

##### a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP), the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

##### b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimate of useful life of assets and provision for retirement benefits. Actual results could differ from the estimates.

##### c) Method of accounting

Revenues are recognized on accrual basis. Revenue from operations is accounted for on the basis of services rendered and billed to / accepted by clients.

Expenses are accounted on accrual basis and provisions are made for all known liabilities as on the date of the financial statements.

##### d) Fixed Assets

Fixed Assets are stated at cost of acquisition including freight, installation charges, finance charges, duties & taxes & other incidental expenses related to acquisition and installation of the concerned assets.

Advances paid towards the acquisition of fixed assets are disclosed under the head advances for capital expenditure.

Assets transferred under the Scheme of Demerger are stated at the values specified in the Scheme.

##### e) Depreciation / Amortisation

###### Tangible Assets

Depreciation is provided using the straight line method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except on computer hardware on which depreciation has been provided based on the useful lives as estimated by the management being 3 to 5 years.

###### Intangible Assets

Depreciation is provided on computer software using the straight line method based on the useful lives as estimated by the management being 3 to 5 years.

Depreciation / Amortisation is charged on a pro-rata basis for assets purchased / sold during the year with reference to date of installation/disposal. Assets costing below Rs. 5,000/- are fully depreciated in the year of purchase.

##### f) Impairment of Fixed assets

In accordance with AS-28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, where there is an indication of impairment of the Group's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit & Loss account whenever the carrying amount of such assets exceeds its recoverable amount. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the assets is restated to the extent of the carrying value of

the asset that would have been determined (net of amortization/depreciation) had no impairment loss been recognized.

**g) Borrowing Costs**

Borrowing costs directly attributable to the acquisition of the fixed assets are capitalized for the period until the asset is ready for its intended use.

Other borrowing costs are recognized as expense in the period in which they are incurred.

**h) Investments**

Long Term Investments are stated at cost. Provision for diminution is made, if in the opinion of the management such a diminution is other than temporary.

**i) Foreign Currency Transactions**

Transactions denominated in foreign currency are recorded at rates that approximate the exchange rate prevailing on the date of the respective transaction.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Profit and Loss Account of the year. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year end closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss Account.

The premium or discount arising at the inception of the forward exchange contracts related to underlying receivables and payables are amortised as an expense or income recognized over the period of the contracts. Gains or losses on renewal or cancellation of foreign exchange forward contracts are recognized as income or expense for the period.

Investments in overseas Subsidiary / other entities are recognized at the relevant exchange rates prevailing on the date of Investments.

**j) Earning per Share**

In accordance with the Accounting Standard 20 (AS – 20) “Earning per Share” issued by the Institute of Chartered Accountants of India, basic and diluted earnings per share is computed using weighted average number of shares outstanding during the year.

**k) Taxation**

**i. Current Tax**

The provision for current tax is made on the basis of tax liability computed after considering the admissible deductions and exemptions under the provisions of the Income Tax Act, 1961.

**ii. Deferred Tax**

Deferred tax asset or liability is recognized for reversible timing differences between the profit as per financial statements and the profit offered for income taxes, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax asset or liability is recognized only for those timing differences that originate during the tax holiday period but reverse after the tax holiday period.

Deferred tax assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

**iii. Fringe Benefit Tax**

Provision for Fringe Benefit Tax (FBT) is made on the basis of expenses incurred on employees / other expenses as prescribed under the Income Tax Act, 1961.

**l) Employee Benefits :**

(a) Short-term employee benefits – Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in

# GI ENGINEERING SOLUTIONS LIMITED

the period in which the employee renders the related service.

- (b) Post employment benefits (defined benefit plans) – The employees’ gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss account.
- (c) Post employment benefits (defined contribution plans) – Contributions to the provident fund is defined contribution scheme and is recognized as an expense in the Profit and Loss account in the period in which the contribution is due.
- (d) Long-term employee benefits – Long-term employee benefits comprise of compensated absences and other employee incentives. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognized immediately in the Profit and Loss account.

## m) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Schedule - N

### Notes forming part of Accounts

#### 1. Share Capital

During the year the Company has allotted 1,677,500

Equity Shares of Rs. 10 each fully paid up without receiving any consideration in cash to the Equity Share warrants holders upon exercising of their rights to convert warrants into equity shares as per the provisions of the Scheme of demerger sanctioned by the Hon’ble High Court, Mumbai vide order dated 7th September, 2007.

## 2. Contingent Liabilities

Guarantees given by Bank on behalf of the Company are Rs. Nil (Previous year Rs. 115,000).

3. Disclosure requirements as per the Accounting Standard – 18 (AS – 18) “Related Party Disclosure” issued by the Institute of Chartered Accountants of India.

List of Related Parties:-

### A. Subsidiary Company

M/s Genesys Enterprises Inc., USA

### B. Key Management Personnel

Name of Personnel	Designation
Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director

### A. Principal Shareholder

M/s Kilam Holdings Ltd

### C. Associate Enterprises

M/s Genesys International Corporation Ltd.

Details of Transactions with related parties are as follows:

Particulars	Year ended 31st March 2009 (Rs.)	Year ended 31st March. 2008 (Rs.)
<b>Transactions during the year -</b>		
Advance taken from/ Reimbursement of Expenses to Genesys International Corporation Ltd.	8,094,015	3,454,836
<b>Closing Balance -</b>		
Amount Payable to Genesys International Corporation Ltd.	14,251,877	6,157,862



## 4. Employee Benefits :

### (I) Post-employment benefits plans

#### (a) Defined Contribution Plans –

In respect of the defined contribution plans, an amount of Rs. 2,90,485 (Previous Year Rs. 1,72,698) has been provided in the Profit & Loss account for the year.

#### (b) Defined Benefit Plans –

- (i) The liability in respect of gratuity and leave encashment is determined as per actuarial valuation carried out as at Balance Sheet date. The present value of the obligation under such plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in the Profit & Loss account for the period in which they occur.

#### (ii) Principal actuarial assumptions :

Particulars	FY 2008-09		FY 2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	6.5% p.a.	6.5% p.a.	8% p.a.	8% p.a.
Salary Escalation	12% p.a.	12% p.a.	8% p.a.	8% p.a.

#### (iii) Reconciliation of Benefit Obligation :

Particulars	FY 2008-09		FY 2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Rs.	Rs.	Rs.	Rs.
Liability at the beginning of the year	50,473	47,758	20,889	37,567
Interest Cost	3,281	3,104	1,671	3,005
Current Service Cost	309,030	615,435	36,829	25,066
Benefit Paid	-	38,638	-	24,625
Actuarial (Gain)/ Loss on Obligations	182,857	(128,264)	(8,916)	6,745
Amount recognised and disclosed under the head "Provision for Employees Benefits"	545,641	499,395	50,473	47,758

- (iv) Expenses recognised in the Profit & Loss Account under the head Personnel Expenses :

Particulars	FY 2008-09		FY 2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	309,030	615,435	36,829	25,066
Interest Cost	3,281	3,104	1,671	3,005
Net Actuarial (Gain)/ Loss recognised	182,857	(128,264)	(8,916)	6,745
Expenses recognised in Profit and Loss account	495,168	490,275	29,584	34,816

- (v) Details of provision for employee benefits recognised in the Balance Sheet :

Particulars	FY 2008-09		FY 2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Rs.	Rs.	Rs.	Rs.
Liability at the end of the year	545,641	499,395	50,473	47,758
Fair Value of Plan assets at the end of the year	-	-	-	-
Difference	545,641	499,395	50,473	47,758
Amount shown in Balance Sheet	545,641	499,395	50,473	47,758

5. (a) Provision of Rs. 393,500 (Previous Year – Rs. 403,900) towards Minimum Alternate Tax (MAT) payable under section 115JB of Income Tax Act, 1961 has been made. The MAT paid by the company over and above the normal tax payable for the current year is allowed to be carried forward for a period upto next 10 years to be adjusted against the normal tax payable, if any, in those years.

- (b) In accordance with the Accounting Standard – 22 (AS – 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India which became mandatory from 1st April 2001, the Company has considered the effect of timing differences and accordingly accounted for Deferred Tax.

The Company's operations are entitled to a tax

# GI ENGINEERING SOLUTIONS LIMITED

holiday under Section 10 A. Deferred Tax Assets and Liabilities as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent they are expected to get reversed within the tax holiday period.

Particulars	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
<b>Deferred Tax Assets</b>		
Unabsorbed Losses	48,10,997	61,09,255
Provision for Employee Benefits	3,55,208	33,389
Provision for Doubtful Debts	3,42,949	3,42,949
Preliminary Expenses	1,73,122	2,31,638
	<b>56,82,276</b>	<b>67,17,231</b>
<b>Deferred Tax Liability</b>		
Fixed Assets (Depreciation/Amortization)	2,39,169	2,35,875
<b>Net Deferred Tax (Liability)/Assets</b>	<b>54,43,108</b>	<b>64,81,356</b>

Deferred Tax Assets arising on account of unabsorbed losses, provisions for employees benefits and doubtful debts etc. are not recognized in the absence of virtual certainty of future taxable income after tax holiday period against which deferred tax assets can be set off.

## 6. Earnings per share:

	March 31, 2009	March 31, 2008
Weighted average number of shares used as denominator for calculating <b>Basic earning per share</b>	70,92,645	19,93,930
Weighted average number of shares used as denominator for calculating <b>Dilutive earning per share</b>	70,92,645	25,57,680
<b>Net Profit / (Loss) after taxation</b>	<b>Rs. 65,37,175</b>	<b>Rs.33,82,221</b>
Basic EPS	Rs. 0.92	Rs. 1.70
Diluted EPS	Rs. 0.92	Rs. 1.32
Nominal value of Shares	Rs. 10	Rs. 10

7. (a) The Company operates only in single Primary Segment i.e. Engineering based services for the purpose of AS – 17 Segmental reporting.
- (b) The disclosure requirement in respect of secondary segment (geographical segment) as per the Accounting Standard 17 is as under:

<b>SECONDARY SEGMENT</b> (Geographical Segment based on Sales Continent viz)		
Segment Revenue	For the Year ended 31st March 2009	For the Year ended 31st March 2008
North America	Rs. 14,792,293	Rs. 82,11,987
<b>Total Revenue from Operations</b>	<b>Rs. 14,792,293</b>	<b>Rs. 82,11,987</b>

## 8. Earnings in Foreign Exchange: (At actual)

	For the Year ended 31st March 2009	For the Year ended 31st March 2008
Revenue from Operations	Rs. 396,604	Rs. 14,19,808

## 9. Value of Imports (CIF basis): (At actuals)

	For the Year ended 31st March 2009	For the Year ended 31st March 2008
Capital Goods	Nil	Rs. 35,135

## 10. Exchange Differences

During the period realized and unrealized exchange gain amounting to Rs. 3,307,980 (PY: exchange loss of Rs.137,412) is included in the financial statements.

11. The Balance Sheet of the Subsidiary Company reflects diminution in the net worth after considering the losses incurred. The said subsidiary company will incur significant loss if any part of the accounts receivable and notes receivable become uncollectible. However the Company continues to value the investments at cost. In the opinion of the management, provision for diminution is not required in view of the strategic nature of investments, future business plans and belief of the management of the subsidiary company on the recoverability of accounts receivable and notes receivable.

12. The Company has not received any intimation from suppliers regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 (said Act) and to the best of the company's knowledge and belief sundry creditors as at the year end do not include outstanding dues to parties or entities covered by the said Act.
13. The Company is engaged in the business of rendering Engineering & IT based services. The development and sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.
14. Figures for previous year have been re-grouped/re-classified wherever necessary to conform to current year's presentation.

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**Signatures to Schedule 'A' to 'N'**  
**As per our Report of even date attached**  
**For DIXIT DATTATRAY & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

MUMBAI, 10<sup>th</sup> August, 2009

**For and on behalf of the Board Of Directors**

**SAJID MALIK**                      **SAROJA MALIK**                      **GANAPATHY VISHWANATHAN**  
MANAGING DIRECTOR      DIRECTOR                      DIRECTOR

**KISHOR TALREJA**  
COMPANY SECRETARY

# GI ENGINEERING SOLUTIONS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	For The Year Ended 31st March 2009		For The Year Ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit after tax and extraordinary items		6,537,175		3,382,221
Adjustments for:				
Depreciation and amortisation	2,132,705		2,154,701	
Interest Received	(3,820,577)		(3,564,126)	
Current Tax and Fringe Benefit Tax	420,300		424,800	
Interest Paid	153		61,071	
Preliminary Exp w/off	-		825,088	
		(1,267,419)		(98,466)
<b>Operating Profit before working capital changes</b>		5,269,756		3,283,755
Adjustments for:				
Trade and other receivables	(15,127,866)		(7,285,192)	
Liabilities	9,831,101		5,912,296	
		(5,296,765)		(1,372,896)
<b>CASH GENERATED FROM OPERATIONS</b>		(27,009)		1,910,859
Taxes (Paid) / Refund		(894,605)		(15,500)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		(921,614)		1,895,359
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets (Including Capital Advances)	(15,400)		(48,735)	
Interest Received	3,820,577		3,564,126	
Loan to Other Body Corporates	(2,954,025)		(61,516,964)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		851,152		(58,001,573)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net Proceeds / (Repayment) from / of Unsecured Loans	-		300,000	
Interest Paid	(153)		(61,071)	
Miscellaneous Expenditure	-		(825,088)	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		(153)		(586,159)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		(70,615)		(56,692,373)
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>		285,216		56,977,589
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>		214,601		285,216

This is the Cash Flow statement referred to in our report of even date.

For DIXIT DATTATRAY & ASSOCIATES  
CHARTERED ACCOUNTANTS

For and on behalf of the Board Of Directors

D. B. DIXIT  
PROPRIETOR  
Membership No. 40032

SAJID MALIK                      SAROJA MALIK                      GANAPATHY VISHWANATHAN  
MANAGING DIRECTOR      DIRECTOR                      DIRECTOR

MUMBAI, 10<sup>th</sup> August, 2009

KISHOR TALREJA  
COMPANY SECRETARY

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

**Registration Details**

State Code

1 1

Registration No.

1 6 3 7 3 1

Balance Sheet Date

3 1 0 3 2 0 0 9

Date                  Month                  Year

**Capital raised during the year (Amount in Rs. Thousand)**

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

**Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities

3 6 0 5 0 8

Total Assets

3 6 0 5 0 8

**Sources of Funds**

Paid-up Capital

7 5 1 1 9

Reserves & Surplus

2 8 5 0 8 9

Equity Share Warrant

N I L

Secured Loans

N I L

Unsecured Loan

3 0 0

**Application of Funds**

Net Fixed Assets

1 9 0 4 3

Investments

2 6 8 2 3 4

Net Current Assets

7 3 2 3 1

Misc. Expenditure

N I L

Accumulated Losses

N I L

**Performance of Company (Amount in Rs. Thousand)**

Turnover

1 8 6 1 3

Total Expenditure

1 1 6 5 5

Profit / Loss before tax

6 9 5 8

Profit / Loss after tax

6 5 3 7

Earning per share in Rs.

--- Basic

0 . 9 2

Dividend %

N I L

--- Dilutive

0 . 9 2

**Generic Names of three Principal Products / Services of Company (as per monetary terms)**

Item Code No (ITC Code) :

8 5 2 4 9 9 0 4 . 9 0

Product Description :

C O M P U T E R      S O F T W A R E

**For and on behalf of the Board Of Directors**

**SAJID MALIK**  
MANAGING DIRECTOR

**SAROJA MALIK**  
DIRECTOR

**GANAPATHY VISHWANATHAN**  
DIRECTOR

**KISHOR TALREJA**  
COMPANY SECRETARY

MUMBAI, 10<sup>th</sup> August, 2009

# GENESYS ENTERPRISES INC. (USA)

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	Genesys Enterprises Inc. USA USD
Financial year of the Subsidiary Company ended on	31st March 2009
Holding Company's Interest	
Number of shares	550,650 Ordinary Shares
Extent of holding	100%
Net aggregate amount of the subsidiary's profits/(Losses) so far as it concerns members of the holding Company and is not dealt with in the Holding Company's accounts	
(i) for the financial year of the subsidiary	(91,214)
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	(653,496)
Net aggregate amount of the profits/(Losses) of the subsidiary dealt with the Company's accounts	
(i) for the financial year of the subsidiary	N I L
(ii) for the previous financial years of the subsidiary since it become the Holding Company's subsidiary	N I L

**For and on behalf of the Board Of Directors**

**SAJID MALIK**                      **SAROJA MALIK**      **GANAPATHY VISHWANATHAN**  
MANAGING DIRECTOR      DIRECTOR                      DIRECTOR

**KISHOR TALREJA**  
COMPANY SECRETARY

MUMBAI, 10<sup>th</sup> August, 2009

**GENESYS ENTERPRISES INC., USA  
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# GENESYS ENTERPRISES INC. (USA)

## GENESYS ENTERPRISES INC., USA DIRECTORS' REPORT

To the stockholders of Genesys Enterprises Inc., USA

Your Directors are pleased to present their Report for the year ended March 31, 2009

### Financial Results

Particulars	For the year ended March 31, 2009 Amount \$	For the year ended March 31, 2008 Amount \$
Gross Revenue	152,631	440,994
Less: Operating Expenses	235,517	646,258
Operating Profit / (Loss)	(82,886)	(205,264)
Less : Prior Period Adjustments	-	(18,582)
Current Tax	8,328	1,369
Net Profit / (Loss)	(91,214)	(188,051)

### Dividend

Your Directors do not recommend any dividend for the year.

### Performance

During the year under review, the revenue of the Company declined to USD 0.15 million from USD 0.44 million in the previous year. Consequently, the Company has posted the Net Loss of USD 0.09 million for the current financial year.

### Acknowledgement

Your Directors appreciate the support extended by all its customers, employees, banks and business associates and look forward their continued support in the coming years.

### FOR AND ON BEHALF OF THE BOARD

**SOHEL MALIK**  
PRESIDENT

Mumbai

Dated : 6<sup>th</sup> August, 2009



## AUDITORS' REPORT

TO THE SHAREHOLDERS OF GENESYS ENTERPRISES INC. USA

### REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF GENESYS ENTERPRISES INC. USA

1. We have audited the attached Balance Sheet of Genesys Enterprises Inc. USA as at 31<sup>st</sup> March 2009 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. Attention is invited to note no 2 & 3 in Schedule H regarding non provision for old accounts receivables and notes receivable.
  4. Subject to our comments in the point no. 3 above, we report that:
    - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Schedule H to the Accounts.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
    - in the case of the Balance Sheet, of the State of Affairs of the Company as on 31<sup>st</sup> March 2009;
    - in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
    - in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES**

**Chartered Accountants**

**D B DIXIT**

Proprietor

Membership No 40032

Mumbai

Dated : 6<sup>th</sup> August, 2009

# GENESYS ENTERPRISES INC. (USA)

## BALANCE SHEET

AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2009		AS AT 31ST
		US \$	US \$	MARCH, 2008
				US \$
<b>SOURCES OF FUNDS</b>				
<b>1) SHAREHOLDERS FUNDS</b>				
a) Common Stock	A		5,506,500	5,506,500
<b>Total</b>			<b>5,506,500</b>	<b>5,506,500</b>
<b>APPLICATION OF FUNDS</b>				
<b>1) FIXED ASSETS</b>				
a) Gross Block	B	669,600		669,600
b) Less : Depreciation / Amortisation		669,600		668,573
c) Net Block			-	1,027
<b>2) CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>a) CURRENT ASSETS</b>				
(i) Sundry Debtors		4,228,271		4,254,747
(ii) Cash & Bank Balances		15,777		3,680
			4,244,048	4,258,427
<b>b) LOANS &amp; ADVANCES</b>			<b>1,023,070</b>	<b>1,022,739</b>
			<b>5,267,118</b>	<b>5,281,166</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS D</b>				
Current Liabilities & Provisions		505,328		429,189
			<b>505,328</b>	<b>429,189</b>
<b>Net Current Assets</b>			<b>4,761,790</b>	<b>4,851,977</b>
<b>3) PROFIT &amp; LOSS DEBIT BALANCE</b>				
			<b>744,710</b>	<b>653,496</b>
<b>Total</b>			<b>5,506,500</b>	<b>5,506,500</b>

Significant Accounting Policies & Notes to Accounts H

Schedules 'A' to 'H' form an integral part of the Accounts

As per our Report of even date attached

**DIXIT DATTATRAY & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

For and on behalf of the Board Of Directors

**D. B. DIXIT**  
 PROPRIETOR  
 Membership No. 40032

**SOHEL MALIK**  
 PRESIDENT

**SAJID MALIK**  
 DIRECTOR

MUMBAI, 6<sup>th</sup> August, 2009

# ANNUAL REPORT 2008-09

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	
		31ST MARCH, 2009 US \$	31ST MARCH, 2008 US \$
<b>INCOME</b>			
Revenue from Operations		151,525	440,994
Other Income		1,106	-
<b>Total</b>		<b>152,631</b>	<b>440,994</b>
<b>EXPENDITURE</b>			
Personnel Costs	E	221,857	480,590
Operating and Other Costs	F	11,619	32,126
Finance Costs	G	1,014	1,266
Depreciation & Amortization		1,027	132,276
<b>Total</b>		<b>235,517</b>	<b>646,258</b>
<b>Operating Profit / (Loss) Before Tax</b>		<b>(82,886)</b>	<b>(205,264)</b>
<b>Less : Prior Period Adjustments</b>		<b>-</b>	<b>(18,582)</b>
<b>Profit / (Loss) Before Tax</b>		<b>(82,886)</b>	<b>(186,682)</b>
Current Tax		8,328	1,369
<b>Profit/(Loss) After Tax</b>		<b>(91,214)</b>	<b>(188,051)</b>
<b>Balance brought forward from earlier years</b>		<b>(653,496)</b>	<b>(465,445)</b>
<b>Balance carried to Balance Sheet</b>		<b>(744,710)</b>	<b>(653,496)</b>
Earning per Share (Equity Share, par value US \$10 each)			
Basic & Diluted		(0.17)	(0.34)
Number of shares used in computing earnings per share		550,650	550,650

**Significant Accounting Policies & Notes to Accounts H**

**Schedules 'A' to 'H' form an integral part of the Accounts**

As per our Report of even date attached

**DIXIT DATTATRAY & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**For and on behalf of the Board Of Directors**

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

**SOHEL MALIK**  
PRESIDENT

**SAJID MALIK**  
DIRECTOR

MUMBAI, 6<sup>th</sup> August, 2009

# GENESYS ENTERPRISES INC. (USA)

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	AS AT 31ST MARCH, 2009 US \$	AS AT 31ST MARCH, 2008 US \$
<b>Schedule A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
838050 Shares of \$10 each Common Stock	8,380,500	8,380,500
<b>Total</b>	<b>8,380,500</b>	<b>8,380,500</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
550,650 (Previous Year 550,650) Shares of \$10 each Common Stock	5,506,500	5,506,500
<b>Total</b>	<b>5,506,500</b>	<b>5,506,500</b>

### Schedule B

(Amount in US \$)

Particulars	Gross Block				Depreciation				Net Block	
	Opening Balance as at 1.04.08	Addition During the year	Sale / Adjustment	Closing Balance as on 31.03.09	Up to 1.04.08	For the year	On Deduction	Up to 31.03.09	As at 31.03.09	As at 31.03.08
<b>Tangible Assets</b>										
Computer Hardware	222,197	-	-	222,197	222,197	-	-	222,197	-	-
Furniture & Fixtures	170,539	-	-	170,539	170,539	-	-	170,539	-	-
Office Equipments	22,229	-	-	22,229	22,229	-	-	22,229	-	-
Vehicles	40,899	-	-	40,899	39,872	1,027	-	40,899	-	1,027
Leasehold improvement	73,319	-	-	73,319	73,319	-	-	73,319	-	-
<b>Intangible Assets</b>										
Goodwill and other intangible assets	140,417	-	-	140,417	140,417	-	-	140,417	-	-
<b>Total</b>	<b>669,600</b>	<b>-</b>	<b>-</b>	<b>669,600</b>	<b>668,573</b>	<b>1,027</b>	<b>-</b>	<b>669,600</b>	<b>-</b>	<b>1,027</b>
Previous Year	669,600	-	-	669,600	664,868	3,705	-	668,573	1,027	4,732

# ANNUAL REPORT 2008-09

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	AS AT 31ST MARCH, 2009 US \$	AS AT 31ST MARCH, 2008 US \$
<b>Schedule C</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(a) Current Assets</b>		
<b>(i) Sundry Debtors</b>		
(Unsecured)		
Due for more than six months		
Considered good	4,212,911	4,212,210
Considered doubtful	283,675	283,675
	4,496,586	4,495,885
Less : Provision for Doubtful Debts	283,675	283,675
	4,212,911	4,212,210
Others - Considered good	15,360	42,537
	4,228,271	4,254,747
<b>(ii) Cash &amp; Bank Balances</b>		
<b>(a) Cash in Hand</b>		
	-	-
<b>(b) Balances with Scheduled banks</b>		
In Current Accounts	15,777	3,680
	15,777	3,680
<b>Total</b>	4,244,048	4,258,427
<b>(b) Loans &amp; Advances</b>		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	1,012,000	1,012,000
(ii) Prepaid Expenses	3,140	6,649
(iii) Other Current Assets	4,480	640
(iv) Other Deposits	3,450	3,450
	1,023,070	1,022,739
<b>Total</b>	1,023,070	1,022,739
<b>Schedule D</b>		
<b>Current Liabilities &amp; Provisions</b>		
Sundry Creditors	498,335	422,196
Other Liabilities	6,993	6,993
	505,328	429,189
<b>Total</b>	505,328	429,189

# GENESYS ENTERPRISES INC. (USA)

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31ST MARCH 2009

<b>PARTICULARS</b>	<b>AS AT 31ST MARCH, 2009 US \$</b>	<b>AS AT 31ST MARCH, 2008 US \$</b>
<b>Schedule E</b>		
<b>PERSONNEL COSTS</b>		
Salaries , Allowances & Bonus	<u>221,857</u>	<u>480,590</u>
<b>Total</b>	<u><u>221,857</u></u>	<u><u>480,590</u></u>
<b>Schedule F</b>		
<b>OPERATING AND OTHER COSTS</b>		
Legal & Professional Fees	<u>5872</u>	<u>11542</u>
Communication Expenses	<u>841</u>	<u>3,352</u>
Miscellaneous Expenses	<u>106</u>	<u>9,378</u>
Rent	<u>4,800</u>	<u>7,854</u>
<b>Total</b>	<u><u>11,619</u></u>	<u><u>32,126</u></u>
<b>Schedule G</b>		
<b>FINANCE COSTS</b>		
Bank Charges	<u>1,014</u>	<u>817</u>
Interest to Banks		
- On Other Loans	<u>-</u>	<u>449</u>
<b>Total</b>	<u><u>1,014</u></u>	<u><u>1,266</u></u>

## SCHEDULES

NOTES TO FINANCIAL STATEMENTS - MARCH 31, 2009

### **Schedule H – Organization and Summary of Significant Accounting Policies**

#### ***Organization and Operations***

Genesys Enterprises Inc. (the "Company"), a wholly owned subsidiary of GI Engineering Solutions Limited (the "Parent"), was established, pursuant to the laws of the State of New York, during 1995. The Company's revenue is derived from computer programming outsourcing services and customized software development services.

#### **1. Summary of Significant Accounting Policies**

##### ***Revenue Recognition***

Revenues from outsourcing services and customized software development are recognized as services are rendered on a monthly basis. Revenue for sales of the Image Scans, Inc. unit are recognized as shipments of the goods are made. Revenue derived under long-term contracts are recognized on the percentage-of-completion method applying the units-of-delivery basis. Under this method, revenue and costs are recognized according to the ratio of units delivered to total units to be delivered.

##### ***Use of Estimates in Financial Statements***

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Property and Equipment***

Property and equipment are carried at cost. When assets are sold or retired, the cost and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant

renewals and replacements, which substantially extend the lives of the assets are capitalized.

##### ***Furniture, Fixtures and Improvements***

Furniture, fixtures and improvements are carried at cost. The cost of maintenance and repairs is charged to expense when incurred; significant renewals and replacements, which substantially extend the useful lives of the assets, are capitalized.

##### ***Software***

Software is carried at cost and is being amortized over its contract life of five years.

##### ***Mapping Database***

The mapping database is carried at cost and is being amortized over its estimated useful life of seven years.

##### ***Intangible Assets***

Intangible assets (trade names and trademarks) which were acquired in the acquisition of Image Scans, Inc. are being amortized over its estimated useful life of five years.

##### ***Depreciation***

Depreciation is provided over the estimated useful lives of assets using straight-line methods.

##### ***Account Receivable***

The Company carries its accounts receivable at cost less allowances for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. Accounts are written off when deemed uncollectable.

##### ***Cash and Cash Equivalents***

The Company considers highly liquid investments with maturity of three months or less when purchased

##### ***Income Taxes***

The Company is being taxed as a C-corporation under the provision of both the Internal Revenue Service Code and State laws.

# GENESYS ENTERPRISES INC. (USA)

## 2. Accounts receivable, net of allowance for doubtful accounts

The following is the schedule for accounts receivable, net of allowance for doubtful debts at March 31, 2009 and March 31, 2008 :

	March 31, 2009	March 31, 2008
Accounts Receivable	\$ 4,511,946	\$ 4,538,421
Less: Allowance for Doubtful Debts	\$ 283,675	\$ 283,675
<b>Net Accounts Receivable</b>	<b>\$ 4,228,271</b>	<b>\$ 4,254,746</b>

The total accounts receivable \$4,228,271 net of doubtful debt consists of receivable outstanding for 3 years and 1 year of \$4,212,911, and \$15,360 respectively.

## 3. Notes Receivable

As of March 31, 2009, notes receivable consist of advances to two associates \$ 500,000 and \$512,000 which is outstanding since 2003.

## 4. Employee Benefit Plans

The Company has adopted a 401(k) plan for the

employee benefits. Contributions to the plan are at the discretion of Management. No contribution was done for the year ended March 31, 2009 and for the year ended March 31, 2008.

## 5. Related Party Transactions

As on March 31, 2009, \$72,123 was payable to associate enterprises. Further as at March 31, 2009 and March 31, 2008, the Company owed \$105,162 to one of the principal shareholders of its Associate Enterprise.

## 6. Income Taxes

Federal and state income tax provision for the year ended March 31, 2009 and March 31, 2008 is as follows :

	2009	2008
Current Tax	\$8328	\$1369

## 7. Common Stock

At March 31, 2009 the Company had 838,050 shares of \$10 par value common stock authorized, of which 550,650 shares were issued and outstanding.

8. Previous year's figures have been regrouped/reclassified to conform to the current year's presentation.

Signatures to Schedule 'A' to 'H'  
As per our Report of even date attached

**For DIXIT DATTATRAY & AASSOCIATES  
CHARTERED ACCOUNTANTS**

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

**For and on behalf of the Board Of Directors**

**SOHEL MALIK**  
PRESIDENT

**SAJID MALIK**  
DIRECTOR

MUMBAI, 6<sup>th</sup> August, 2009



# ANNUAL REPORT 2008-09

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2009		FOR THE YEAR ENDED 31ST MARCH 2008	
	US \$	US \$	US \$	US \$
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit after tax and extraordinary items		(91,214)		(188,051)
Adjustments for:				
Depreciation & Amortisation	1,027		132,276	
Corporation Taxes	8,328		1,369	
		9,355		133,645
Operating Profit before working capital changes		(81,859)		(54,406)
Adjustments for:				
Trade receivables and other Current assets	26,145		71,005	
Liabilities	76,139		(11,425)	
		102,284		59,580
<b>CASH GENERATED FROM OPERATIONS</b>		20,425		5,174
Taxes (Paid) / Refund		(8,328)		(1,369)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		12,097		3,805
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment		-		-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		-		-
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net Proceeds / (Repayment) from / of Secured Loans		-		-
Proceeds from Issue of Shares		-		-
Interest Paid		-		-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		-		-
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		12,097		3,805
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>		3,680		(125)
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>		15,777		3,680

This is the Cash Flow statement referred to in our report of even date.

**For DIXIT DATTATRAY & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**For and on behalf of the Board Of Directors**

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

**SOHEL MALIK**  
PRESIDENT

**SAJID MALIK**  
DIRECTOR

MUMBAI, 6<sup>th</sup> August, 2009

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# AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## To the Board of Directors

### GI Engineering Solutions Limited.

We have audited the attached consolidated Balance Sheet of GI Engineering solutions Limited and its Subsidiary as at March 31, 2009, the Consolidated Profit and Loss Account, and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. Attention is invited to note no 6 in Schedule L regarding non provision for diminution in the value of investment in subsidiary company, for reasons mentioned therein.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (AS – 21) 'Consolidated Financial Statements', prescribed in the Companies (Accounting Standards) Rules, 2006 and on

the basis of the separate audited financial statements of GI Engineering Solutions Limited and its Subsidiary included in the consolidated financial statements.

4. In our opinion and on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of GI Engineering Solutions Limited, and its Subsidiary, we are of the opinion that the Consolidated Financial Statements give a true and fair view,
  - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of GI Engineering Solutions Limited & its Subsidiary as at 31<sup>st</sup> March, 2009;
  - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of GI Engineering Solutions Limited, & its Subsidiary for the year ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of GI Engineering Solutions Limited., & its Subsidiary for the year ended on that date.

**For DIXIT DATTATRAY & ASSOCIATES,  
Chartered Accountants**

**D. B. DIXIT**

Proprietor

Membership No 40032

Mumbai

Dated : 10th August, 2009

# GI ENGINEERING SOLUTIONS LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 2009		AS AT 31ST
		Rs.	Rs.	MARCH, 2008
				Rs.
<b>SOURCES OF FUNDS</b>				
<b>1) SHAREHOLDERS FUNDS</b>				
a) Share Capital	A	75,118,780		58,343,780
b) Equity Share Warrants	B	-		3,187,250
c) Reserves & Surplus	C	266,674,818		225,495,511
			341,793,598	287,026,541
<b>2) LOAN FUNDS</b>				
a) Unsecured Loans	D	300,000		300,000
			300,000	300,000
<b>Total</b>			<b>342,093,598</b>	<b>287,326,541</b>
<b>APPLICATION OF FUNDS</b>				
<b>1) FIXED ASSETS</b>				
a) Gross Block	E	77,198,064		77,182,664
b) Less : Depreciation / Amortisation		48,496,352		45,928,989
c) Net Block			28,701,712	31,253,675
<b>2) CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>a) CURRENT ASSETS</b>				
(i) Sundry Debtors		235,879,895		175,977,231
(ii) Cash & Bank Balances		1,011,832		430,660
(iii) Other Current Assets		228,470		27,273
			237,120,197	176,435,164
b) LOANS & ADVANCES			118,208,631	103,689,754
			355,328,828	280,124,918
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>				
(i) Current Liabilities	G	40,891,906		23,953,821
(ii) Provisions		1,045,036		98,231
			41,936,942	24,052,052
<b>Net Current Assets</b>			<b>313,391,886</b>	<b>256,072,866</b>
<b>Total</b>			<b>342,093,598</b>	<b>287,326,541</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b> L				

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

**For DIXIT DATTATRAY & ASSOCIATES**  
CHARTERED ACCOUNTANTS

For and on behalf of the Board Of Directors

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

**SAJID MALIK**  
MANAGING DIRECTOR

**SAROJA MALIK**  
DIRECTOR

**GANAPATHY VISHWANATHAN**  
DIRECTOR

MUMBAI, 10<sup>th</sup> August, 2009

**KISHOR TALREJA**  
COMPANY SECRETARY

# ANNUAL REPORT 2008-09

## CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31ST MARCH, 2009 Rs.	FOR THE YEAR ENDED 31ST MARCH, 2008 Rs.
<b>INCOME</b>			
Revenue from Operations		21,759,949	25,985,056
Other Income	H	3,871,449	3,564,126
<b>Total</b>		<b>25,631,398</b>	<b>29,549,182</b>
<b>EXPENDITURE</b>			
Personnel Costs	I	18,073,423	23,817,575
Operating and Other Costs	J	2,176,473	7,866,692
Finance Costs	K	55,451	115,094
Depreciation		2,567,363	2,399,731
<b>Total</b>		<b>22,872,710</b>	<b>34,199,092</b>
<b>Operating Profit / (Loss) Before Tax</b>		<b>2,758,688</b>	<b>(4,649,910)</b>
<b>Less : Prior Period Adjustments</b>		<b>-</b>	<b>(837,506)</b>
<b>Profit / (Loss) Before Tax</b>		<b>2,758,688</b>	<b>(3,812,404)</b>
Current Tax		776,451	459,074
Fringe Benefit Tax		26,800	20,900
<b>Profit After Tax</b>		<b>1,955,437</b>	<b>(4,292,378)</b>
Balance brought forward from earlier years		<b>(49,501,882)</b>	<b>(45,209,504)</b>
<b>Balance carried to Balance Sheet</b>		<b>(47,546,445)</b>	<b>(49,501,882)</b>
<b>APPROPRIATIONS :</b>			
Transfer to General Reserve		-	-
		<b>(47,546,445)</b>	<b>(49,501,882)</b>
Earning per Share (Equity Share, par value Rs. 10 each)			
Basic		<b>0.28</b>	(2.15)
Number of weighted average shares used in computing earnings per share		<b>7092645</b>	1,993,930
Diluted		<b>0.28</b>	(1.68)
Number of weighted average shares used in computing earnings per share		<b>7092645</b>	2,557,680
<b>Significant Accounting Policies &amp; Notes to Accounts L</b>			

**The schedules referred to above form an integral part of the Profit & Loss Account**

As per our report of even date attached

**For DIXIT DATTATRAY & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**For and on behalf of the Board Of Directors**

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

**SAJID MALIK**  
MANAGING DIRECTOR

**SAROJA MALIK**  
DIRECTOR

**GANAPATHY VISHWANATHAN**  
DIRECTOR

MUMBAI, 10<sup>th</sup> August, 2009

**KISHOR TALREJA**  
COMPANY SECRETARY

# GI ENGINEERING SOLUTIONS LIMITED

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET IN CONTINUATION  
AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH, 2009 Rs.	AS AT 31ST MARCH, 2008 Rs.
<b>Schedule A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
8,000,000 Equity Shares (Previous Year 8,000,000) of Rs 10/- each	80,000,000	80,000,000
<b>Total</b>	<b>80,000,000</b>	<b>80,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
(Out of the above 57,84,378 Equity Shares of Rs. 10/- each are allotted as fully paid up to the shareholders of Genesys International Corporation Ltd. Pursuant to the Scheme of Demerger sanctioned by the High Court, Mumbai on 7th September, 2007 and 16,77,500 Equity Shares of Rs. 10/- each issued during the year upon conversion of Equity Share Warrants into Equity Shares as per the provisions of Scheme of Demerger sanctioned by High Court, Mumbai, on 7th September, 2007.)	75,118,780	58,343,780
	<b>75,118,780</b>	<b>58,343,780</b>
<b>Schedule B</b>		
<b>EQUITY SHARE WARRANT</b>		
Nil Equity Share Warrants (Previous Year 16,77,000) issued to the shareholders of Genesys International Corporation Ltd. pursuant to the Scheme of Demerger sanctioned by High Court, Mumbai on 7th September, 2007.	-	3,187,250
<b>Total</b>	<b>-</b>	<b>3,187,250</b>
<b>Schedule C</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
As per last Balance Sheet	313,435,828	313,435,828
Less : Equity Shares allotted as fully paid up to the convertible warrant holders as per the provisions of demerger scheme sanctioned by the High Court, Mumbai on 7th September, 2007.	13,587,750	-
	<b>299,848,078</b>	<b>313,435,828</b>
<b>Profit &amp; Loss Account (Debit Balance)</b>	<b>(47,546,445)</b>	<b>(49,501,882)</b>
<b>Exchange Fluctuation Reserve</b>	<b>14,373,185</b>	<b>(38,438,435)</b>
<b>Total</b>	<b>266,674,818</b>	<b>225,495,511</b>

# ANNUAL REPORT 2008-09

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET IN CONTINUATION  
AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH, 2009 Rs.	AS AT 31ST MARCH, 2008 Rs.
<b>Schedule D</b>		
<b>Unsecured Loans</b>	<b>300,000</b>	300,000
<b>Total</b>	<b>300,000</b>	300,000

### Schedule E

#### FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Opening Balance as at 1.04.08	Addition/ Transfer during the year	Sale / Adjustment	Closing Balance as on 31.03.09	Up to 1.04.08	For the year	On Deduction	Up to 31.03.09	As at 31.03.09	As at 31.03.08
<b>Tangible Assets</b>										
Computer Hardware	12,274,507	15,400	-	12,289,907	12,137,136	114,143	-	12,251,279	38,628	137,371
Furniture & Fixtures	40,206,800	-	-	40,206,800	20,133,452	2,296,881	-	22,430,333	17,776,467	20,073,348
Office Equipments	2,719,896	-	-	2,719,896	1,412,727	79,177	-	1,491,904	1,227,992	1,307,169
Vehicles	1,929,806	-	-	1,929,806	1,852,644	77,162	-	1,929,806	-	77,162
Leasehold improvement	3,473,111	-	-	3,473,111	3,473,111	-	-	3,473,111	-	-
<b>Intangible Assets</b>										
Computer Software	268,358	-	-	268,358	268,358	-	-	268,358	-	-
Goodwill and other intangible assets	16,310,186	-	-	16,310,186	6,651,561	-	-	6,651,561	9,658,625	9,658,625
<b>Total</b>	<b>77,182,664</b>	<b>15,400</b>	<b>-</b>	<b>77,198,064</b>	<b>45,928,989</b>	<b>2,567,363</b>	<b>-</b>	<b>48,496,352</b>	<b>28,701,712</b>	<b>31,253,675</b>
Previous Year	77,133,929	48,735	-	77,182,664	43,529,258	2,399,731	-	45,928,989	31,253,675	33,604,671

# GI ENGINEERING SOLUTIONS LIMITED

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET IN CONTINUATION  
AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH, 2009 Rs.	AS AT 31ST MARCH, 2008 Rs.
<b>Schedule F</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(A) Current Assets</b>		
<b>(i) Sundry Debtors</b>		
(Unsecured)		
Due for more than six months		
Considered good	227,383,982	169,802,749
Considered doubtful	15,343,063	12,219,802
	<u>242,727,045</u>	<u>182,022,551</u>
Less : Provision for Doubtful Debts	15,343,063	12,219,802
	<u>227,383,982</u>	<u>169,802,749</u>
<b>Others</b>	8,495,913	6,174,482
	<u>235,879,895</u>	<u>175,977,231</u>
<b>(ii) Cash &amp; Bank Balances</b>		
<b>(a) Cash in Hand</b>		
	-	-
<b>(b) Balances with Scheduled banks</b>		
In Current Accounts	178,089	249,271
In Fixed Deposits (Margin Money) Accounts	36,512	35,946
	<u>214,601</u>	<u>285,217</u>
<b>(c) Balances with Foreign Banks</b>		
In Current Accounts	797,231	145,443
	<u>1,011,832</u>	<u>430,660</u>
<b>(iii) Other Current Assets</b>		
	228,470	27,273
<b>Total</b>	<u><u>237,120,197</u></u>	<u><u>176,435,164</u></u>
<b>(B) Loans &amp; Advances</b>		
(Unsecured - Considered good)		
(i) Advances recoverable in cash or in kind or for the value to be received	52,488,104	41,342,458
(ii) Prepaid Expenses	172,821	265,905
(iii) Advance Tax (Net of Provisions)	872,388	398,083
(iv) Loan to Other Body Corporates	64,470,989	61,516,964
(v) Facility & Other Deposits	204,329	166,344
<b>Total</b>	<u><u>118,208,631</u></u>	<u><u>103,689,754</u></u>
<b>Schedule G</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(a) Current Liabilities</b>		
Sundry Creditors	40,453,106	23,578,764
Other Liabilities	438,800	375,057
<b>Total</b>	<u><u>40,891,906</u></u>	<u><u>23,953,821</u></u>
<b>(b) Provisions</b>		
Provision for Retirement benefits	1,045,036	98,231
<b>Total</b>	<u><u>1,045,036</u></u>	<u><u>98,231</u></u>



# ANNUAL REPORT 2008-09

## SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET IN CONTINUATION  
AS AT 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED	
	31ST MARCH, 2009	31ST MARCH, 2008
	Rs.	Rs.
<b>Schedule H</b>		
<b>OTHER INCOME</b>		
Interest received (Tax deducted at source Rs. 865,505 (Previous Year Rs. 807,383))	3,820,577	3,564,126
Miscellaneous Income	50,872	-
<b>Total</b>	<b>3,871,449</b>	<b>3,564,126</b>
<b>Schedule I</b>		
<b>PERSONNEL COSTS</b>		
Salaries , Allowances & Bonus	17,633,969	23,566,130
Staff Welfare	103,071	580
Contribution to Provident Fund & other funds	336,383	250,865
<b>Total</b>	<b>18,073,423</b>	<b>23,817,575</b>
<b>Schedule J</b>		
<b>OPERATING AND OTHER COSTS</b>		
Conveyance & Traveling	286,133	123,789
Legal & Professional Fees	374,687	516,917
Communication Expenses	67,290	205,951
Miscellaneous Expenses	1,202,642	552,666
Rent	220,721	316,589
Preliminary Expenses Written Off	-	825,088
Remuneration to Auditors		
- Statutory Audit	15,000	138,967
- Tax Audit	10,000	5,000
Amortization on Mapping Database and Software	-	5,181,725
<b>Total</b>	<b>2,176,473</b>	<b>7,866,692</b>
<b>Schedule K</b>		
<b>FINANCE COSTS</b>		
Bank Charges	55,298	35,923
Interest	153	79,171
<b>Total</b>	<b>55,451</b>	<b>115,094</b>

# GI ENGINEERING SOLUTIONS LIMITED

## SCHEDULES

### Schedule L

#### Significant Accounting Policies and Notes to Accounts to the Consolidated Financial Statements:

#### I. Significant Accounting Policies

##### 1. Basis & Principles of Consolidation

- i. The consolidation of accounts is done in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and meet the requirements of the Accounting Standard 21 (AS – 21) "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.

List of foreign subsidiary considered in the consolidated financial statements

Name of the Entity	Nature of Relationship	Country of Incorporation	Extent of holding as on 31st March 2009
Genesys Enterprises Inc.	Subsidiary	USA	100%

- ii. Use of estimates – The Preparation of Consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from these estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.
- iii. The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of Profit & Loss Account for the period ended 31st March, 2009 and Balance Sheet as on that date by adding together the book values of like items

of income, expenses, assets and liabilities. All inter-company balances and transactions are eliminated on consolidation. The Consolidated financial statements have been prepared in Indian Rupees.

##### 2. Foreign Currency Translation

In case of the Consolidated Accounts, the summarized revenue and expense transactions reflected in Profit & Loss Account have been translated into Indian Rupees at an average of average monthly exchange rate. The assets and liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year-end. The resultant translation exchange gain/loss have been disclosed as Exchange Fluctuation Reserve which is reflected under Reserves and Surplus.

#### II. Other Significant Accounting Policies

These are set out in the Significant Accounting Policies for the respective financial statements of the Company and its Subsidiary Companies.

#### III. Notes to Accounts

1. Contingent Liabilities : Guarantees given by Bank on behalf of the Company are Rs. Nil (Previous year Rs. 1,15,000).
2. Disclosure requirements as per the Accounting Standard – 18 (AS – 18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

List of Related Parties:-

##### A. Key Management Personnel

Name of Personnel	Designation
Mr. Sajid Malik	Managing Director
Mrs. Saroja Malik	Director
Mr. Sohel Malik	President – Genesys Inc., USA

##### B. Principal Shareholder - M/s Kilam Holdings Ltd.

3. (a) The Company operates only in single Primary

Segment i.e. Engineering based services for the purpose of AS – 17 Segmental reporting.

- (b) The disclosure requirement in respect of secondary segment (geographical segment) as per the Accounting Standard - 17 is as under:

( Amount in Rs.)

<b>SECONDARY SEGMENT</b> (Geographical Segment based on Sales Continent viz)		
Segment Revenue	For the Year ended 31st March 2009	For the Year ended 31st March 2008
North America	217,59,949	2,59,85,056
<b>Total Revenue from Operations</b>	<b>2,17,59,949</b>	<b>2,59,85,056</b>

4. In accordance with the Accounting Standard 20 (AS – 20) "Earning per Share" issued by the Institute of Chartered Accountants of India, basic and diluted earning per share is computed using weighted average number of shares outstanding during the year.

	As at March 31, 2009	As at March 31, 2008
Weighted average number of shares used as denominator for calculating <b>Basic earning per share</b>	70,92,645	19,93,930
Weighted average number of shares used as denominator for calculating <b>Dilutive earning per share</b>	70,92,645	25,57,680
Net Profit / ( Loss ) after taxation	Rs. 1,955,437	Rs. (4,292,378)
<b>Basic EPS</b>	<b>Rs. 0.28</b>	<b>Rs. (2.15 )</b>
<b>Diluted EPS</b>	<b>Rs. 0.28</b>	<b>Rs. (1.68 )</b>
Nominal value of Shares	Rs. 10	Rs. 10

## 5. Income Tax

Provision for Current Tax is made as per the provisions of local tax laws of respective country.

In accordance with the Accounting Standard – 22 (AS – 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India which became mandatory from 1st April 2001, the Company has considered the effect of timing differences and accordingly accounted for Deferred Tax.

The Company's operations are entitled to a tax holiday under Section 10 A. Deferred Tax Assets and Liabilities as at the balance sheet date resulting from timing differences between book profit and tax profit are not considered to the extent they are expected to get reversed within the tax holiday period.

Particulars	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
<b>Deferred Tax Assets</b>		
Unabsorbed Losses	48,10,997	61,09,255
Provision for Employee Benefits	3,55,208	33,389
Provision for Doubtful Debts	3,42,949	3,42,949
Preliminary Expenses	1,73,122	2,31,638
	56,82,276	67,17,231
<b>Deferred Tax Liability</b>		
Fixed Assets (Depreciation/Amortization)	2,39,169	2,35,875
<b>Net Deferred Tax (Liability)/Assets</b>	<b>54,43,108</b>	<b>64,81,356</b>

Deferred Tax Assets arising on account of unabsorbed losses and depreciation are not recognized in the absence of virtual certainty of future taxable income after tax holiday period against which the loss/ depreciation can be set off. During the year unabsorbed losses are not taken into account while calculating deferred tax assets.

# GI ENGINEERING SOLUTIONS LIMITED

6. The Balance Sheet of the Subsidiary Company reflect diminution in the net worth after considering the losses incurred. The said subsidiary company will incur significant losses if any part of the accounts receivable and notes receivables become uncollectible. However the Company continues to value the investments at cost. In the opinion of the management, provision for diminution is not required in view of the strategic nature of investments, future business plans and belief of the management of the subsidiary company on the recoverability of accounts receivable and notes receivable.
7. Other Notes to Accounts  
These are set out in the Notes to Accounts for the respective financial statements of the Company and its Subsidiary Companies.
8. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the parent company's financial statements.
9. Figures for previous year have been re-grouped/re-classified wherever necessary to conform to current year's presentation.

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**Signatures to Schedules 'A' to 'L'**  
**As per our Report of even date attached**  
**For DIXIT DATTATRAY & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

MUMBAI, 10th August, 2009

**For and on behalf of the Board Of Directors**

**SAJID MALIK**                      **SAROJA MALIK**                      **GANAPATHY VISHWANATHAN**  
MANAGING DIRECTOR      DIRECTOR                      DIRECTOR

**KISHOR TALREJA**  
COMPANY SECRETARY

# ANNUAL REPORT 2008-09

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH 2009		FOR THE YEAR ENDED 31ST MARCH 2008
	Rs.	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit after tax and extraordinary items		1,955,437	(4,292,378)
Adjustments for:			
Depreciation & Amortisation	2,567,363		7,581,456
Interest Received	(3,871,449)		(3,564,126)
Provision for Current Tax & Fringe Benefit Tax	803,251		479,974
Interest Paid	153		79,171
Preliminary expenditure written off	-		825,088
		(500,682)	5,401,563
Operating Profit before working capital changes		1,454,755	1,109,185
Adjustments for:			
Trade receivables and other Current assets	(71,194,408)		15,042,925
Liabilities	17,884,890		3,841,385
		(53,309,518)	18,884,310
<b>CASH GENERATED FROM OPERATIONS</b>		(51,854,763)	19,993,495
Taxes (Paid) / Refund		(1,277,556)	(70,674)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		(53,132,319)	19,922,821
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (Including Capital Advances)	(15,400)		(48,735)
Interest Received	3,871,449		3,564,126
Loan to Other Body Corporates	(2,954,025)		(61,516,964)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		902,024	(58,001,573)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Proceeds / (Repayment) from / of Secured Loans	-		300,000
Interest Paid	(153)		(79,171)
Miscellaneous Expenditure	-		(825,088)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		(153)	(604,259)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		(52,230,448)	(38,683,011)
<b>CASH &amp; CASH EQUIVALENTS (OPENING BALANCE)</b>		17,947,363	56,630,374
<b>CASH &amp; CASH EQUIVALENTS (CLOSING BALANCE)</b>		(34,283,085)	17,947,363
<b>Notes</b>			
Breakup of Cash and cash equivalents - Closing balance			
Cash on hand and balances with banks		1,011,832	430,660
Exchange difference on translation of foreign currency accounts / deposits		(35,294,917)	17,516,703
		(34,283,085)	17,947,363

This is the Cash Flow statement referred to in our report of even date.

**For DIXIT DATTATRAY & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**For and on behalf of the Board Of Directors**

**D. B. DIXIT**  
PROPRIETOR  
Membership No. 40032

**SAJID MALIK**  
MANAGING DIRECTOR

**SAROJA MALIK**  
DIRECTOR

**GANAPATHY VISHWANATHAN**  
DIRECTOR

MUMBAI, 10<sup>th</sup> August, 2009

**KISHOR TALREJA**  
COMPANY SECRETARY

**NOTES**

**NOTES**

**NOTES**



**GENESYS INTERNATIONAL CORPORATION LIMITED**  
**GI ENGINEERING SOLUTIONS LIMITED**

Registered Office : 73-A, SDF-III, SEEPZ, Andheri (E), Mumbai - 400096

**ATTENDANCE SLIP**

(For physical holding)

(For Demat holding)

Regd. Folio No. ....

Client ID. ....

D.P. ID. ....

Number of Shares held .....

I Certify that I am a member / Proxy for the member of the Company.

I hereby record my presence at the Third Annual General Meeting of the Company at Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai - 400059, on Tuesday, 29th September, 2009 at 3.15 p.m.

Members' / Proxy's Name in Block Letters .....

Signature .....

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

.....CUT HERE.....

**GI ENGINEERING SOLUTIONS LIMITED**

Registered Office : 73-A, SDF-III, SEEPZ, Andheri (E), Mumbai - 400096

**PROXY FORM**

(For physical holding)

(For Demat holding)

Regd. Folio No. ....

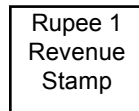
Client ID. ....

D.P. ID. ....

Number of Shares held .....

I / We.....of ..... being a member / members of the Company, hereby appoint .....of ..... or failing him / her..... of..... as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held at Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai - 400059, on Tuesday, 29th September, 2009 at 3.15 p.m. and at any adjournment(s) thereof .

Signed this..... day of September, 2009



Signature \_\_\_\_\_

Note:

This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.





## **GI Engineering Solutions Limited**

73-A, SDF-III SEEPZ, Andheri (East), Mumbai 400 096.

Telephone: 91-22-28290303, 44884488

Fascimile: 91-22-28290603,

Web site: [www.giesl.com](http://www.giesl.com)